Jurnal Hadratul Madaniyah, Volume 13, Issue 2, June, 2026. Page 127–136
p-ISSN:2407-3865, e-ISSN:2655-1993

The Legality of Stablecoins as Digital Financial Instruments in Sharia Economic Law

Ariyadi[1], Parman Komarudin[2], Syaikhu[3], Arisman[4], Muhammad Rifqi Hidayat[5]
[1]*Universitas Muhammadiyah Palangka Raya, Indonesia*
[2]*UNISKA (Universitas Islam Kalimantan) Muhammad Arsyad Al Banjari, Indonesia*
[3]*Universitas Islam Negeri (UIN) Palangka Raya, Indonesia*
[4]*Universitas Islam Negeri Sultan Syarif Kasim (UIN Suska) Riau, Indonesia*
[5]*The University of Western, Australia*

E-Mail: ariyadialbanjari@gmail.com
DOI: https://doi.org/10.33084/jhm.v13i2.12996
Received: 21-05-2026 Revised: 04-06-2026 Accepted: 05-06-2026

Abstract. *The rapid development of financial technology has led to the emergence of stablecoins as digital assets designed to maintain value stability and enhance efficiency in digital payment systems. However, despite their growing use, stablecoins raise significant legal and Sharia concerns, particularly regarding asset backing, transparency, and financial stability. The collapse of TerraUSD (UST) in 2022 illustrates the risks associated with algorithmic stablecoins and highlights the urgency of legal evaluation within Islamic finance. This study examines the legality of stablecoins as digital financial instruments from the perspective of Sharia Economic Law. It employs a normative juridical method using conceptual, statutory, and maqasid al-shariah approaches. Data sources include the Qur'an, Hadith, DSN-MUI fatwas, Bank Indonesia and OJK regulations, and relevant academic literature on digital assets and Islamic finance. The novelty of this research lies in its integrated analysis of stablecoins based on asset certainty, transparency, value stability, and maqasid al-shariah within Indonesia's digital financial regulatory context. The findings indicate that fiat-backed stablecoins are more compatible with Sharia principles due to clearer asset backing and higher transaction certainty, while algorithmic stablecoins pose greater legal uncertainty and risk due to the absence of tangible reserves and systemic volatility. From a maqasid al-shariah perspective, stablecoins may support economic welfare if governed by transparent mechanisms, strict supervision, and Sharia-compliant regulation. The study emphasizes the need for a specific regulatory framework to ensure legal certainty, consumer protection, and financial stability in Indonesia's digital economy.*

Keyword: *Legality, Stablecoin, Instrument, Digital Payment, Sharia Economic Law*

INTRODUCTION

Digital transformation has brought significant changes to the global financial system. The development of blockchain technology and cryptocurrency has created various innovative payment instruments that are increasingly complex and cross-border. One such innovation is the stablecoin, a digital asset designed to maintain a stable value supported by certain assets such as the US dollar, gold,

or algorithmic mechanisms. Stablecoins emerge as a solution to the high volatility of conventional cryptocurrencies like Bitcoin and Ethereum, which have traditionally been considered less effective as a means of payment.

In practice, stablecoins have begun to be used in digital trade transactions, international remittances, and cross-platform payments. The main advantages of stablecoins lie in their efficiency, transaction speed, and relatively low transfer costs. In some countries, stablecoins are even starting to be seen as alternative payment instruments for the future amidst increasing global economic digitalisation. However, the emergence of stablecoins raises fairly complex legal and Sharia issues. From the perspective of Islamic Economic Law, payment instruments must adhere to principles of fairness, certainty, transparency, and be free from elements of gharar, riba, maisir, as well as speculative practices that harm certain parties. Problems arise when stablecoins do not fully have clear underlying assets or use algorithmic systems prone to value instability.

The collapse of TerraUSD (UST) in 2022 serves as concrete evidence that algorithmic stablecoins can experience systemic failure and cause significant losses for investors. This incident demonstrates that the value stability of stablecoins is not always guaranteed as initially claimed. From a Sharia perspective, this condition can be categorised as gharar because it contains uncertainty and excessive risk in transactions. Moreover, the use of stablecoins also raises questions about their legality as a medium of exchange in Islam. The concept of money in Islam is not only understood as a medium of transaction but must also have intrinsic value, stability, and social legitimacy. Classical scholars discussed the concepts of al-naqd and tsamaniyyah as the basis for the validity of a monetary instrument. Therefore, the question arises as to whether stablecoins can be categorised as a legitimate medium of exchange from a Sharia perspective.

Despite the growing body of literature on cryptocurrency and Islamic finance, existing studies tend to treat digital assets in a general manner without specifically addressing stablecoins as a distinct category. Moreover, limited research integrates the legal analysis of stablecoins with the principles of maqasid al-shariah and contemporary regulatory frameworks, particularly within the Indonesian context. This gap indicates the need for a more focused examination of stablecoins from both normative Islamic legal theory and modern financial regulation perspectives.

Therefore, this study aims to analyze the legality of stablecoins as digital financial instruments from the perspective of Sharia Economic Law by integrating doctrinal legal analysis, regulatory review, and maqasid al-shariah considerations. The novelty of this research lies in its specific focus on stablecoins as a distinct financial innovation, examined through an integrated framework of asset

backing, value stability, legal certainty, and Islamic ethical objectives within Indonesia's evolving digital financial system. This approach is expected to contribute to both academic discourse and policy development regarding Sharia-compliant digital financial instruments.

METHOD

This study employs a normative juridical research method supported by a conceptual approach, a statutory (legislative) approach, and a comparative legal approach. The normative juridical method is used to examine Islamic legal norms and positive regulations related to stablecoins as digital financial instruments. To strengthen the analysis, the study also applies a structured legal analysis process, which includes: (1) identification of legal issues related to stablecoins, (2) analysis of Islamic legal principles such as gharar, riba, and the theory of money in Islam, (3) evaluation based on maqasid al-shariah indicators, and (4) comparison with relevant regulatory frameworks and international fatwas.

The conceptual approach is conducted through an in-depth examination of key concepts, including stablecoins, Islamic monetary theory, and maqasid al-shariah, with specific indicators such as the protection of wealth (hifz al-mal), legal certainty (tahqiq al-amanah), transparency (al-wuduh), and prevention of harm (daf' al-darar). The statutory approach is used to analyze relevant regulations governing digital assets, cryptocurrency, and electronic payment systems in Indonesia, including policies issued by Bank Indonesia, the Financial Services Authority (OJK), and fatwas from the DSN-MUI.

In addition, a comparative approach is applied by reviewing selected international regulatory frameworks and policy responses on stablecoins, including global financial regulatory practices and Sharia-based financial rulings in other jurisdictions.

The data sources consist of primary legal materials (the Qur'an, Hadith, DSN-MUI fatwas, and Indonesian regulations), secondary legal materials (academic journals, books, and prior studies), and tertiary legal materials (legal dictionaries and Islamic economic encyclopaedias). Data collection is conducted through library research. The data are analyzed using a descriptive-analytical method based on maqasid al-shariah to assess the legal status, benefits, and potential risks of stablecoins in Islamic economic law.

FINDINGS

Tabel 1. Key Findings of Stablecoin Analysis in Sharia Economic Law Perspective

No	Aspect	Key Finding	Sharia Implication
1.	Classification of Stablecoin	Stablecoins are classified into fiat-collateralized, crypto-collateralized, and algorithmic types	Legal ruling varies depending on underlying asset and mechanism
2.	Value Stability	Fiat-backed stablecoins are relatively stable, while algorithmic stablecoins are highly volatile	Stability relates to *hifẓ al-mal* (protection of wealth)
3.	Gharar (Uncertainty)	Algorithmic stablecoins contain higher uncertainty due to unclear backing and system risk	High level of *gharar* may affect permissibility
4.	Riba Potential	Stablecoins are not inherently interest-based, but riba may arise in lending, staking, or speculation	Permissible only if free from interest-based mechanisms
5.	Speculative Use	Stablecoins are often used for trading and profit speculation rather than payment	May shift function from *medium of exchange* to *maisir-like activity*
6.	Maqasid al-Shariah	Stablecoins can support economic welfare if they ensure transparency and financial security	Must align with *hifẓ al-mal* and public benefit (*maslahah*)
7.	Legal Status	Stablecoin legality is conditional and depends on structure, use, and supervision	Requires case-by-case Sharia assessment
8.	Regulatory Need	Lack of specific Sharia regulation on stablecoins in Indonesia	Necessitates formal Sharia-based regulatory framework

The Concept of Stablecoin in Digital Payment Systems, Stablecoin is a blockchain-based digital asset designed to maintain value stability through certain mechanisms. Based on their mechanisms, stablecoins are divided into three types: 1. Fiat-collateralized stablecoin 2. Crypto-collateralized stablecoin 3. Algorithmic stablecoin The first type is generally backed by real assets such as the US dollar and thus tends to have relatively better stability. Meanwhile, algorithmic stablecoins rely on market algorithm mechanisms, making them susceptible to fluctuations and system failures. In the context of the digital economy, stablecoins offer cross-border transaction efficiency, faster payments, and reduced transfer costs. This aligns with the principle of ease (taysir) in Islamic transactions as long as it does not conflict with sharia principles. Gharar refers to uncertainty or ambiguity in a transaction that can harm one of the parties. The Prophet Muhammad (SAW) said: "The Prophet prohibited transactions involving gharar." (HR. Muslim) In stablecoins, elements of gharar can arise if: the underlying asset is unclear, the stabilization mechanism is not transparent, there

is no liquidity guarantee, algorithm manipulation occurs. Algorithm-based stablecoins have a higher level of gharar compared to fiat-backed stablecoins because their value stability heavily relies on market mechanisms and user trust.

When trust declines, stablecoins can lose value drastically, as happened with TerraUSD.Conversely, stablecoins with real asset reserves and transparent audits are relatively more compliant with Sharia principles because they minimise ambiguity in transactions. In Islam, riba is considered an illegitimate gain in financial transactions. Allah SWT says:

وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا

"Allah telah menghalalkan jual beli dan mengharamkan riba."
(QS. Al-Baqarah: 275)

Stablecoins do not inherently involve interest. The element of interest arises depending on the mechanism of use and derivative transactions. For example: paying interest on the storage of stablecoins, interest-based lending practices, excessive speculation in digital asset trading. If stablecoins are only used as a medium of exchange and backed by clear real assets, the potential for interest can be minimised. However, if stablecoins are used as speculative instruments to gain profit without real economic activity, this contradicts Sharia principles.

One of the main objectives of stablecoins is to maintain transaction value stability. In maqashid shariah, economic stability is part of hifz al-mal (protection of wealth). Islam emphasises the importance of a monetary system that can uphold justice and prevent societal losses. Fiat-backed stablecoins have a greater chance of meeting stability principles due to being supported by real reserve assets. In contrast, algorithmic stablecoins can potentially cause systemic instability and harm users. From the maqashid shariah perspective, stablecoins are acceptable if they: 1. Provide economic benefits, 2. Ensure transaction security, 3. Avoid exploitation, 4. Have clear transparency and regulation, 5. Are not used for illegal or speculative activities. From the perspective of Sharia Economic Law, the legality of stablecoins cannot be generalised. Their validity highly depends on: the stablecoin model,the underlying asset, the transaction system, the purpose of use, the supervisory mechanism.

Stablecoins backed by real assets and possessing high transparency tend to align more closely with Sharia principles compared to algorithmic stablecoins. Therefore, more specific Sharia regulations are needed to govern the use of stablecoins in Indonesia's digital payment system. The state has an important role in ensuring that stablecoins do not become a means of speculation, money laundering, or economic practices that harm the public.

DISCUSSION

The development of stablecoins as digital payment instruments introduces new dynamics in the modern economic system. Stablecoins are designed to maintain value stability through certain asset backing, but in practice, they still pose various legal issues, particularly from the perspective of Islamic Economic Law. The main problems lie in the unclear nature of the collateral assets, value stabilization mechanisms, potential for speculation, and the weak Sharia regulation of digital assets. In Islam, transactional systems must be built on the principles of justice, transparency, and public welfare. Stablecoins that lack asset reserve transparency potentially involve gharar, as users cannot be certain about the value guarantees underlying the digital token. This uncertainty is even greater in algorithmic stablecoins that rely on market mechanisms and automatic algorithms without real asset support.

Apart from gharar, another issue arises in the practice of using stablecoins in speculative activities. Many users use stablecoins not as a medium of exchange, but as a means of arbitrage and short-term trading to gain instant profits. Such practices have the potential to approach maisir and contradict the main purpose of money in Islam as a medium of exchange, not a speculative commodity. The next problem relates to value stability. Stablecoins are indeed designed to reduce cryptocurrency volatility, but empirical evidence shows that some stablecoins experience systemic failures. The TerraUSD case serves as an example of how algorithmic mechanisms failed to maintain the exchange rate, causing significant losses for the public. From the maqashid sharia perspective, this condition contradicts the principle of hifz al-mal as it fails to protect users' wealth.

In Indonesia, the problem is becoming increasingly complex due to the absence of specific sharia regulations regarding stablecoins. Existing regulations are still general towards crypto assets and are therefore not yet able to provide legal certainty for the use of stablecoins as sharia-compliant digital payment instruments.

Tabel 2. Analysis of Stablecoin Issues from the Perspective of Sharia Economic Law

No	Problem	Sharia Economic Law Analysis	Impact
1.	Unclear underlying asset	Contains elements of *gharar* due to the absence of certainty regarding asset backing	Reduces user trust
2.	Algorithmic stablecoins without real backing	Potentially contradicts the principle of *al-māl al-mutaqawwam* (legally recognized wealth)	Systemic risk of financial loss
3.	Volatility and system failure	Contrary to the principle of economic stability in Islam	Financial losses for the public
4.	Use for speculation	Approaches *maisir* (gambling) and non-productive transactions	Distortion of money's function

5.	Potential digital riba practices	Arises in lending activities and interest-bearing stablecoin mechanisms	Non-compliance with Sharia principles
6.	Weak Sharia regulation	No specific fatwa or regulation governing stablecoins	Legal uncertainty
7.	Money laundering risk	Difficult to monitor in cross-border transactions	Threat to economic security
8.	Lack of audit transparency	Not in line with the principles of trust (*amanah*) and transparency	Potential market manipulation

To address these issues, an integrative approach involving state regulation, Sharia principles, and the strengthening of transparent financial technology is required. From the perspective of Sharia Economic Law, the legality of stablecoins can be accepted if they meet the principles of justice, value certainty, information transparency, and public benefit. The first solution is the implementation of a clear underlying asset requirement that can be audited regularly. Stablecoins backed by tangible assets such as fiat reserves or gold have a higher degree of certainty, thus reducing gharar in transactions.

Second, it is necessary to establish specific sharia regulations regarding digital assets, especially stablecoins. These regulations can take the form of DSN-MUI fatwas or government policies that regulate: the issuance mechanism of stablecoins, asset reserve audits, consumer protection, prohibition of excessive speculation, standards of digital sharia compliance. Third, strengthening the principles of maqashid sharia should be the basis for the development of stablecoins. Financial technology should not only pursue efficiency, but also safeguard public economic welfare, asset protection, and financial system stability. Fourth, integrated supervision between Bank Indonesia, the OJK, and sharia institutions is needed to ensure that stablecoins are not used for illegal activities such as money laundering, prohibited funding, or digital market manipulation. Fifth, educating the public about the risks and mechanisms of stablecoins is an important part of creating a healthy Sharia digital financial ecosystem. Low digital literacy can lead people to easily fall into speculative investments disguised as Sharia-compliant.

Tabel 3. Solutions and Implementation of Sharia-Compliant Stablecoins

No	Proposed Solution	Implementation in Sharia System	Positive Impact
1.	Underlying asset audit	Mandatory reserve transparency	Reduces *gharar* (uncertainty)
2.	Specific Sharia regulation	DSN-MUI fatwa on stablecoins	Provides legal certainty
3.	Prohibition of speculation	Restriction on non-productive trading	Preserves the function of money
4..	Cross-institutional supervision	Integrated oversight by Bank Indonesia (BI), OJK, and DSN-MUI	Ensures system stability

5.	Asset-backed stablecoins	Backing by gold or fiat reserves	Enhances value security
6.	Application of maqasid al-shariah	Protection of users' wealth (*hifz al-mal*)	Promotes economic welfare (*maslahah*)
7.	Blockchain transparency	Open audit systems and smart contracts	Increases trust and accountability
8.	Sharia digital literacy education	Public awareness on stablecoin risks	Strengthens consumer protection

Stablecoins have great potential to become future payment instruments in the Islamic digital economy if they can substantially meet Shariah principles, not just symbolically. The biggest challenge is not just a technological issue, but how to create a digital financial system that continues to uphold values of justice, stability, and societal protection. In the context of Indonesia, the development prospects for Shariah-compliant stablecoins are quite significant given the large Muslim population and the growth of the national halal industry. However, without strong regulation and strict Shariah supervision, stablecoins could instead become a new speculative instrument contrary to the objectives of the Islamic economy. Therefore, the ideal concept of a Sharia-compliant stablecoin must meet several indicators: 1. Have halal and clear underlying assets. 2. Avoid interest and speculation. 3. Ensure transaction transparency. 4. Maintain value stability. 5. Be oriented towards the economic welfare of the community. Thus, the legality of stablecoins from the perspective of Sharia Economic Law is conditional. Stablecoins can be accepted as long as they fully comply with Sharia principles and do not cause greater harm than their benefits.

CONCLUSION

This study concludes that the legality of stablecoins within Sharia Economic Law is conditional and highly dependent on their structural design, underlying assets, and governance mechanisms. Stablecoins are not inherently non-compliant with Islamic principles; however, their permissibility varies significantly between fiat-backed models and algorithmic models. Fiat-collateralized stablecoins tend to be more aligned with Sharia principles due to clearer asset backing, higher transparency, and stronger value stability, whereas algorithmic stablecoins present higher legal uncertainty due to the absence of tangible reserves and their susceptibility to systemic failure, as illustrated by the TerraUSD collapse. The findings demonstrate that legal issues surrounding stablecoins cannot be assessed in a generalised manner, but must be evaluated through a case-by-case approach based on Sharia parameters such as the presence of gharar, the avoidance of speculative practices, and compliance with the maqasid al-shariah objective of.

REFERENCES

Book

Antonio, M. S. (2019). *Bank syariah: Dari teori ke praktik*. Gema Insani.

Ascarya. (2015). *Akad dan produk bank syariah*. Rajawali Pers.

Karim, A. A. (2017). *Ekonomi mikro Islam* (5th ed.). Rajawali Pers.

Mardani. (2019). *Hukum ekonomi syariah di Indonesia*. Kencana.

Muhammad. (2018). *Manajemen keuangan syariah*. UPP STIM YKPN.

Sjahdeini, S. R. (2020). *Perbankan syariah: Produk-produk dan aspek hukumnya*. Kencana.

Sudarsono, H. (2018). *Bank dan lembaga keuangan syariah*. Ekonisia.

Zuhaili, W. (2011). *Al-fiqh al-Islami wa adillatuhu* (Vol. 5). Dar al-Fikr.

Scientific articles

Ahmed, H. (2019). Blockchain, fintech, and Islamic finance: Building the future in the new Islamic digital economy. *Islamic Economic Studies*, 27(1), 1–15.

Aji, A. M., & Mukri, S. G. (2021). Cryptocurrency in Islamic economic law perspective. *Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah*, 13(1), 95–112.

Aloui, C., Hammoudeh, S., & Ben Hamida, H. (2021). Cryptocurrency and blockchain technology in Islamic finance. *Journal of Risk and Financial Management*, 14(9), 1–18.

Bakar, M. D. A. (2018). Shariah analysis of bitcoin, cryptocurrency, and blockchain. *International Journal of Islamic Economics and Finance Studies*, 4(1), 1–11.

Firmansyah, H., & Anwar, M. (2022). Analisis hukum Islam terhadap penggunaan cryptocurrency sebagai alat transaksi digital. *Jurnal Hukum Ekonomi Syariah*, 6(2), 145–160.

Hakim, L., & Rahmawati, I. (2023). Stablecoin and Islamic financial stability: A maqashid sharia perspective. *Journal of Islamic Monetary Economics and Finance*, 9(3), 455–472.

Hasan, Z. (2020). Cryptocurrency and the evolution of money in Islamic finance. *Arab Law Quarterly*, 34(4), 325–344.

Ismail, A. G., & Tohirin, A. (2021). Islamic law perspectives on cryptocurrency and digital assets. *International Journal of Islamic and Middle Eastern Finance and Management*, 14(2), 361–378.

Nugroho, L., & Tamala, D. (2022). Fintech syariah dan tantangan regulasi aset digital di Indonesia. *Jurnal Ekonomi Syariah Indonesia*, 12(1), 77–92.

Rahman, F., & Hosen, M. N. (2023). Legal uncertainty of stablecoin in Indonesian financial regulation. *Jurnal RechtsVinding*, 12(2), 201–218.

Sakti, A., & Mohamad, S. (2021). Maqashid sharia and digital financial innovation in Islamic economics. *International Journal of Ethics and Systems*, 37(4), 567–583.

Setiawan, B. (2022). Analisis gharar dalam transaksi cryptocurrency perspektif hukum Islam. *Al-Mashrafiyah: Jurnal Ekonomi, Keuangan, dan Perbankan Syariah*, 6(1), 33–49.

Susilo, A., & Maulida, R. (2024). Stablecoin as digital payment instrument: Islamic law analysis on transparency and stability value. *Journal of Islamic Law Studies*, 8(1), 55–73.

Yusoff, M. B., & Amin, H. (2022). Digital currency and Islamic finance: Opportunities and challenges. *Humanomics*, 38(3), 412–430.

Regulations and Fatwas

Bank Indonesia

Bank Indonesia. (2021). *Blueprint sistem pembayaran Indonesia 2025*. Bank Indonesia.

Otoritas Jasa Keuangan

Dewan Syariah Nasional Majelis Ulama Indonesia. (2017). *Fatwa DSN-MUI No. 116/DSN-MUI/IX/2017 tentang uang elektronik syariah*. DSN-MUI.

Majelis Ulama Indonesia. (2021). *Fatwa hukum cryptocurrency*. MUI Pusat.

Otoritas Jasa Keuangan. (2024). *Regulasi aset digital dan perlindungan konsumen sektor keuangan digital*. OJK.

Supporting Sources of the Maqashid Sharia Theory

Auda, J. (2008). *Maqasid al-shariah as philosophy of Islamic law: A systems approach*. The International Institute of Islamic Thought.

Chapra, M. U. (2000). *The future of economics: An Islamic perspective*. Islamic Foundation.

Kamali, M. H. (2008). *Shari'ah law: An introduction*. Oneworld Publications.