

ISLAMIC LAW ON TRADING USING VIRTUAL REALITY-BASED METAVERSE

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ABSTRACT

Islam has given limitations on all human activities in the Qur'an. Islam regulates correct trade procedures such as the fulfillment of legal trade conditions, which include sellers, buyers, goods, and agreements. The development of information technology provides major changes to the types and procedures of trade, such as through electronic media (online), known as the metaverse. Trading in the metaverse makes use of a post-reality universe, a continuous and systematic multi-user environment combining physical reality with digital virtuality. Trading in the metaverse requires a medium of interaction between sellers and buyers, one of which is Virtual Reality (VR). Virtual Reality (VR) is a technology allowing users to interact with a computer-simulated environment in the form of an artificial environment or an imaginative environment. In addition to using media for interaction, trading in the metaverse also requires a special currency which can be in the form of crypto coins such as Exie Infinity (AXS), Decentraland (MANA), Sumnium Space (CUBE) obtained from the exchange of real rupiah money into electronic money in the form of crypto coins.

Keywords: Islamic laws for trading, metaverse, virtual reality.,

A. INTRODUCTION

Al-Qur'an is the holy scripture for Muslims around the world. The Qur'an is positioned as a way of life in various sectors of human life, both in the political, economic, social, and cultural sectors. The most common form of economic activity is trading. Trading is the process of exchanging objects with property or property with money or giving

something to each other by receiving a reward for the object and must be mutually pleased. In Islamic law, there are arrangements regarding the essentials and prerequisites for trading, namely the existence of sellers, buyers, goods, and shighah or agreements.

Advances in information technology have had a major influence and changes in the development of trading in Indonesia. In the past, the trading process between sellers and buyers was carried out by meeting each other, while now, with advances in information technology, sellers and buyers can trade without having to meet, namely through electronic media (Online). Trading through electronic media makes it easy for buyers and sellers. Buyers get convenience from offers, promos, and discounts provided by the seller. In addition, buyers also get convenience in the payment system, namely transfer, Cash On Delivery (COD), or through coin exchange or the like according to the agreement between the seller and the buyer.

The development of information technology also changes the types of trading media, one of which is trading through the metaverse. Metaverse is a post-reality universe, a continuous and systematic multi-user environment combining physical reality with digital virtuality. This is based on the development of information technology allowing for multisensory interactions with virtual environments, one of which is through Virtual Reality (VR). Thus, trading in the metaverse is a means of electronic/online trading as if the seller and the buyer made transactions directly through Virtual Reality media.

The most visible difference between conventional trading and trading in the metaverse is in the payment instruments used. In conventional trading, the medium of exchange is in the form of

valuable objects or state currency, while in trading through the metaverse, the medium of exchange is in the form of crypto coins such as Exie Infinity (AXS), Decentraland (MANA), Sumnium Space (CUBE) obtained from the exchange of real rupiah money into electronic money in the form of crypto coins. Thus, this new trading system and medium of exchange become an issue for further discussion based on Islamic laws.

B. METHOD

The research method that the researcher uses to be able to collect data in this study researcher, uses a qualitative method with the type of library study (library research), where a literature study is carried out to be able to collect secondary data relevant to this research, in the form of newspapers, books, journals, articles, documents, or from non-printed and even other physical materials. It can be studied that this research is only related to printed and electronic literature¹. In analyzing the data in this study, the author uses content analysis in a descriptive form, which is in the form of evidence, information, and factual data from several print media sources and online media that describes everything related to the object of research²

C. DISCUSSIONS

1. Islamic laws for trading

¹Zed, M. Metode Penelitian Kepustakaan. Yayasan Obor Indonesia, 2008

²Ahmad, J. (2018). Desain Penelitian Analisis Isi (Content Analysis). Research Gate, 5(9), 1–20

Trading or al-bai means selling, replacing, and exchanging lawfully. There is a difference of opinion from Imam Asy Syatibi stating that trading can become haram if it becomes ihtikar or hoarding goods or objects so that supplies become scarce and prices soar. The scholars agree that trading is allowed to make ends meet. For barter trading, the goods or objects exchanged must be by and comparable to the goods or objects exchanged and by the agreement between the seller and the buyer

2. Prerequisites and Essentials of Trading in Islam

Referring to the Qur'an and hadith, Islam justifies trading and prohibits trading with usury. For trading to be halal, it must be by the prerequisites and essentials of trading in Islam. According to the consensus of scholars, there are four essentials of trading, namely:³.

³ Al-Ansari, Syeikh Abi Zakaria, Fath al-Wahab, Juz 1, (Singapura: Sulaiman Mar'I), t.th.158

- a. Agreement or the will to agree with each other in several ways, such as:
 - 1) Written agreement through a letter of agreement (khitbah).
The written agreement is intended to provide legal protection between the seller and the buyer in the event of a dispute between the two before and after trading.
 - 2) Using sign language is usually done with people with special needs such as mute people. Agreement with sign language requires that the person is still capable of carrying out legal actions.
 - 3) With ta'ahi (giving each other), namely between the seller and the buyer giving each other goods or objects. This type of trading was known in ancient times before humans recognized the existence of currency or known as barter.
 - 4) Orally, the agreement is made directly between the seller and the buyer without a written agreement
- b. Subjects consist of sellers (bai') and buyers (mustari) with the following prerequisites:
 - 1) Muslim, this condition only applies to a buyer in certain cases. For example, it is forbidden to sell a Muslim slave because the buyer is likely to humiliate.
 - 2) Reasonable people, because crazy people or stupid people are not legal to make trading transactions.
 - 3) Of their own volition and not under compulsion.
 - 4) Baligh or have grown up.
 - 5) Both of them do not waste goods or things purchased

- c. The object must be ma'qud alaih, where several prerequisites must be met by the trading object, namely⁴:
 - 1) Clean, goods or objects sold are not najis or haram.
 - 2) Has value.
 - 3) The owner of the goods sold must be known so that trading by parties who are not the legal owners of the goods or objects being sold is considered null and void.
 - 4) Goods or objects traded must be known by the buyer such as the substance, shape, and characteristics, along with the price.
 - 5) The goods being traded are in hand, meaning that it is forbidden to trade on goods that are not owned because the goods or objects may be damaged or cannot be delivered.
 - 6) Goods or objects sold must be able to be handed over to the buyer so that it does not include fraud
- d. The existence of a substitute exchange value for goods sold must meet three conditions, namely:
 - 1) Can be a medium of exchange.
 - 2) Can store value
 - 3) Has unit of account

In addition to the 4 essentials for trading in Islamic law, there are also prerequisites, namely:

- a. Goods traded must be pure or not najis and not haram.
- b. It should not be related to anything, for example, "if my mother dies, I will sell this motorbike".

⁴ Chairuman Pasaribu dan Suhwardi K. Lubis, 1996, *Hukum Perjanjian dalam Islam*, (Jakarta: Sinar Grafika), hlm. 37

- c. The buyer may not require a time limit or a condition regarding payment, because this is the right of the seller.
- d. Goods or objects traded can be handed over to the buyer after the agreement.
- e. The goods or objects traded are not stolen or the like and are also not entrusted goods where the seller does not have ownership rights to sell the goods or objects.
- f. Goods or objects traded can be seen (known) both in terms of quality, weight, dose, size, and so on

3. Types of Trading in Islam

In Islam, trading can be seen from two points of view, the first is based on Islamic law and the second is based on the goods traded. Trades that can be canceled according to Islamic law, namely

- a. Trade in forbidden goods in Islamic law.
- b. Trade in animal sperm⁵.
- c. Trading with intermediaries (al-wasilat), means ordering goods or objects with a rudimentary agreement in payment.
- d. Trading in animals in the womb of the mother.
- e. Mahaqallah/baqallah trading or trading in plants in fields that have not been harvested (gharar).
- f. Mukhadarah trading or trading in fruit before harvesting, because it is feared that the fruit will fail due to the tree falling in the wind or so on.
- g. Muammasah trading is trading by touching the goods or objects on display, meaning that there is an element of coercion if

⁵ Abdurrahman al-Gharyani, Ash-shadiq, 2004, *Fatwa muamalat as-asyaiah*, (Surabaya: Pustaka progressif), hlm. 40

someone intentionally or accidentally touches it, they must buy it.

- h. Trading with *munabadzah* or an auction, it is feared that there will be fraud from the seller
- i. *Muzaabanah* trading or trading in wet and dry goods or objects, meaning that the seller mixes up the goods or objects being sold and loses their balance value.

According to Imam Taqiyuddin, trading consists of three forms, namely:⁶:

- a. Trading visible goods.
- b. Trading with the characteristics mentioned in an agreement, for example ordering food and so on.
- c. Trading objects that do not exist and this is not allowed in Islam

4. Types of Trading in Islam

Facebook CEO Mark Zuckerberg changed the name of his company to Meta Platforms Inc or Meta for short on October 28, 2021. This metaverse is made like the real world, but the metaverse is in the virtual world. In short, the metaverse is an endless world of interconnected virtual communities⁷. People can do activities like in the real world. To enter the metaverse, several tools are used, namely headsets, virtual reality (VR), augmented reality (AR) glasses, smartphone applications, and or other devices. In the metaverse, people can do activities just like in the real world, such as going to concerts, traveling online, and even being able to see art exhibitions

⁶Abi Bakr Ibn Muhammad al-Husaini, Imam Taqiyuddin, t.th, *Kifayatul al-Akhyar Juz I*, (Surabaya: Darul Ilmi), hlm. 329

⁷<https://www.cnbcindonesia.com/tech/20211216163806-37-299867/mengenal-apa-itu-metaverse-dan-bagaimana-cara-kerjanya> (accessed on 11 April 2022, 10.00)

and trade.

There are six digital assets for sale in the metaverse⁸:

- a. Property
- b. Fashion.
- c. Name.
- d. Artwork, such as memes, GIFs, photos, paintings, music, and videos.
- e. Ad slots.
- f. Ticket

If online trading in the real world is like an online shop, then objects or goods remain tangible or can be used, seen, and touched in the real world, in contrast to trading in the metaverse which can only apply in the virtual world and cannot be applied in the real world. For example, a plot of land in the metaverse, that plot of land will only be usable in the metaverse, so it can only be resold to fellow users in the metaverse. There are several marketplaces in the metaverse such as E-Commerce for virtual goods for gaming purposes, Decentraland which sells clothes, bags, masks, and land, then The Sandbox and Axie Infinity, a game that can make virtual money by trading assets⁹. The procedure for buying land in the Decentraland Marketplace is as follows¹⁰:

- a. Visit the Decentraland Marketplace.
- b. Select land or virtual house available along with price via MANA token. Look for availability and owner information.

⁸ <https://www.publikasimedia.com/apa-saja-yang-bisa-dibeli-di-metaverse> (accessed on 11 April 2022, 09.35)

⁹ <https://www.cnbcindonesia.com/tech/20211223134945-37-301474/cara-beli-baju-dan-rumah-di-metaverse-pakai-apa-bayarnya> (accessed on 11 April 2022, 10.15)

¹⁰ *Ibid*

- c. Click "buy" to make a transaction.
- d. Connect the virtual wallet to the Decentraland Marketplace as the land will be sent to the wallet as NFT after the transaction is successful and complete. If there is no NFT, then the user must download via the wallet in Meta Mask and Trust Wallet.

Furthermore, payments in the metaverse are made by opening an account, and for transactions on the metaverse platform, the user is asked to set up a crypto wallet that will accommodate all digital currencies. The most popular virtual wallet used is the Meta Mask wallet. This wallet can be set up and downloaded via a mobile phone or a Google Chrome browser extension, besides that this wallet can also be used in various transactions such as exchanging money into cryptocurrency using a debit card or credit card.

The type of crypto used in the metaverse world depends on the platform used because each platform has its type of crypto token, namely¹¹:

- a. Ether (ETH), is often used for land trading.
- b. MANA is the native cryptocurrency on the Decentraland Marketplace for trading land, avatars, and items such as food, and accessories, and for interacting with other fellow users.
- c. SAND, this cryptocurrency is almost similar to MANA where it can be used to buy land, play games, or conduct NFT auctions on the Sand Box Marketplace.
- d. AXS is often used on the popular gaming platform Axis Infinity to compete in matches and tournaments.

Crypto can be purchased on any of the popular platforms such as

¹¹ *Ibid*

Binance, Gemini, and Coinbase. This application can help to convert the native currency to the required metaverse cryptocurrency. If someone owns cryptocurrencies like Bitcoin and Ether then they can directly exchange them for metaverse tokens as needed

5. Islamic laws for Trading through Virtual Reality-Based Metaverse

Based on the transaction procedure above, the trading system is not problematic because it is carried out the same as trading in the real world so it is following the essentials and prerequisites of trading in Islamic law such as an agreement between a seller and a buyer, a clear selling price, the existence of goods or objects being sold but in virtual form in the metaverse and payments using currency only apply in the metaverse, namely cryptocurrencies. As determined by the fatwa of commission B on contemporary fiqh issues, the ijtima ulama material team for the Indonesian fatwa commission VII in 2021, the cryptocurrencies can be explained as follows: :

- a. Cryptocurrency is haram because it is gharar, dharar, and contrary to Law Number 7 of 2011 on currency and BI Regulation Number 17 of 2015 on mandatory use of rupiah in Indonesia.
- b. Cryptocurrencies as digital commodities/assets are not legally traded because they are gharar, dharar, and qimar and do not meet the sil'ah (commodity assets) namely having a physical form, having value, having a definite amount, property rights that can be handed over to the buyer. Gharar in bitcoin is caused by

several things including, Bitcoin is created by an unknown individual under the pseudonym Satoshi Nakamoto. Satoshi Nakamoto was listed on the Bitcoin Whitepaper by revealing a bit about himself leaving the project in late 2010 and publishing the first Bitcoin specification and proof of concept in 2009. The true inventor of Bitcoin is still unknown. This element is associated with the element of uncertainty (gharar).

- c. Cryptocurrency as a commodity/asset meeting the sil'ah and has an underlying asset and has clear benefits is legal to be traded

Cryptocurrency does not have a physical form like the rupiah in Indonesia. Cryptocurrency is a block of data bound by a hash for validation. Cryptocurrency is not a legal currency because it is not issued by Indonesia. Rupiah is the only valid means of payment for various transactions. Based on Article 3 of BI Regulation Number 17 of 2015, the rupiah is used in every cash and non-cash transaction, so purchases made in cash and non-cash still require to use of rupiah as a means of payment. According to Islamic law, cryptocurrency as a means of business transactions is gharar, this causes transactions to be made haram lighairih. According to Nurhisam, payments with cryptocurrencies, especially virtual transactions, are doubtful and therefore should be abandoned.

Dr. Muhammad Syafi'i, an economist, stated that the value can change, at any time increase and decrease. For the time being, cryptocurrencies under Islamic law can be allowed, but there is no legality for cryptocurrencies in Indonesia because they still have to be studied from various perceptions and do not meet the elements like money in general. To determine the law on cryptocurrency,

Islam has a method sourced from the Qur'an and hadith. Every transaction activity must avoid vanity, meaning that the transaction is carried out following Islamic law and transaction does not involve any damaged, useless or counterfeit goods. Cryptocurrencies, the users of this currency are more likely to use speculative and trading tools. It aims to gain profits from investing and trading activities with speculation so it is gharar, maysir, and usury.

Until now, there is no clarity on cryptocurrency because it cannot be seen in physical form, and has not received legal certainty in Indonesia itself or internationally, because it is still considered unclear (gharar), especially its use in the investment and trading fields, making cryptocurrencies cannot be separated from speculation, the price is very volatile and its use is only as a means of profit and loss, therefore, there is may. Price fluctuations and uncertainty make cryptocurrencies not legally recognized by the government. Islam views that everything is permissible in the aspect of muamalah until there are arguments forbidding it. However, if we look further, cryptocurrency is jahalah (unclear) because it is often used for trading with the maysir and falls into the practice of usury, where traders buy when the price is low in the hope of being sold when the price goes up. Therefore, cryptocurrencies are only used as a speculative tool, not purely an investment.

There are several other disadvantages of using cryptocurrencies, namely being vulnerable to the risk of economic bubbles. In addition, this currency is not supervised by the financial services authority (OJK) and has not been fully authorized by the government so this can cause major harm such as money laundering,

corruption, and other criminal acts. It was also emphasized by the Majelis Ulama Indonesia (MUI) on Fatwa Number 116/DSN-MUI/IX/2017 on trading digital currencies (Cryptocurrencies), that trading is permissible but several conditions must be met as follows::

- a. Not for speculation.
- b. There is a need for transactions (savings).
- c. Trading of similar currencies must be the same and in cash, if they are not of the same type, they must be done at the exchange rate prevailing at the time the transaction is made and in cash.
- d. Electronic money transactions must also be free from usury and gharar.

In Indonesia, the recognized currency is Rupiah, so that all forms of transactions with cryptocurrencies, the responsibility belongs to each individual or community itself. Indeed, the government does not prohibit the circulation of digital money, but what needs to be a warning to the community or the users themselves is that all security risks are the responsibility of the users. The government does not take part in it, so if at any time unwanted things happen or criminal acts related to the circulation and use of cryptocurrencies, it is clear that the government does not take part because it is not within its authority

C. CONCLUSION

Based on the above discussion regarding trading in the metaverse based on Islamic law, there is a problem with the currency used in the metaverse, namely cryptocurrency because this currency does not yet have legality from the Indonesian government so a more in-depth study

is needed. Cryptocurrency has ambiguity both in terms of quality and quantity, so in this case, cryptocurrency is gharar. According to Majelis Ulama Indonesia (MUI) cryptocurrency is gharar, dharar, qimar, and contrary to law because the inventor of this currency is not known with certainty, there is no authority agency tasked with ensuring the validity of transactions, has no validity in the economic system, has no intrinsic value, is unstable because of high volatility, and is difficult to monitor because it does not have a clarity of ownership

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