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Analysis of futures trading on the Binance platform from the perspective of Fiqh Muamalah

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ABSTRAK

Introduction

One of the business transactions that developed in the digital era is futures trading. This type of transaction involves high risk where profit is obtained from the difference between buying and selling, with goods being delivered at a later date. Profits are obtained from price fluctuations on traded commodities. This type of futures trading is also done on the Binance platform. Many traders are interested in this type of trade but do not have sufficient knowledge and understanding, especially regarding Fiqh legality.

Objectives

The study aims to explain the practice of futures trading on the Binance platform from the perspective of Fiqh Muamalah.

Method

This study is literature research with a juridical-normative approach that relates facts to futures trading cases.

Results

The results of this study explain that futures trading on the Binance platform includes bay' al-şarf, a type of money trade in which money is obtained and delivered at a later date.

Implications

Futures trading on the Binance platform in Fiqh Muamalah is prohibited because it involves elements of uncertainty (*gharar*) and speculation (*maysir*). The exchange rate is uncertain, which can cause one party to benefit and the other party to be harmed.

Originality/Novelty

This research contributes to the theory of Fiqh legality in future trading practices.

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INTRODUCTION

Futures trading has emerged as a significant aspect of the modern financial system, providing traders with opportunities to hedge risks and speculate on asset price movements (Cheng et al., 2015; Kharbanda & Singh, 2018; Malliaris & Ziemba, 2013). Unlike traditional spot trading, where assets are exchanged immediately (Cai et al., 2022; Hassan & Mano, 2019), futures trading involves contracts in which buyers and sellers agree to execute transactions at a predetermined price on a future date (Engel, 2015; Kirilenko et al., 2017; Nosić et al., 2017). This financial instrument plays a critical role in commodities, equities, and cryptocurrency markets, influencing price discovery and market liquidity. The rise of digital platforms such as Binance has further expanded access to futures trading, enabling a broad spectrum of retail and institutional investors to participate in derivative markets. However, despite its potential advantages, futures trading introduces complex risks related to price volatility, leverage, and financial speculation (Chen et al., 2021; Floros & Salvador, 2016; Watugala, 2019). These risks have raised concerns regarding its compatibility with Islamic financial principles, which emphasize fairness, transparency, and the prohibition of excessive uncertainty (gharar) and gambling-like speculation (maysir). The increasing participation of Muslim traders in cryptocurrency futures trading necessitates a critical examination of its compliance with Fiqh Muamalah, the branch of Islamic jurisprudence governing economic transactions.

The regulatory status and ethical implications of cryptocurrency and futures trading remain widely debated in both conventional and Islamic financial discourses. While traditional financial regulators focus on market stability, investor protection, and fraud prevention, Islamic finance scholars evaluate these activities based on their adherence to Shariah principles. Several studies have examined the legality of cryptocurrencies in Islamic finance, with scholars expressing diverse views on their permissibility. Some argue that cryptocurrencies fail to meet the essential criteria of money in Islamic finance due to their speculative nature, lack of intrinsic value, and price volatility (Fuadi et al., 2022; Prasetiyo & Janah, 2022). Others contend that cryptocurrencies can be permissible if they function as recognized means of exchange and operate under a transparent and ethical framework (Mu'adzah et al., 2024). The debate extends to futures trading, where issues such as margin trading, deferred transactions, and the absence of real asset ownership introduce complexities that may contradict Shariah principles. Given Indonesia's status as a Muslim-majority country and the increasing global influence of Islamic finance, a deeper exploration of futures trading within the Binance ecosystem is essential for providing clarity on its religious and ethical standing.

At the heart of this inquiry is the question of whether futures trading on Binance aligns with Islamic economic principles. Islamic finance is founded on principles that ensure economic transactions promote social justice, avoid exploitation, and foster

equitable wealth distribution. The two primary concerns in futures trading are gharar, which refers to excessive uncertainty, and maysir, which relates to gambling-like risk-taking behavior. Conventional financial markets accommodate speculative trading as an accepted norm, but in Islamic finance, speculation that leads to unearned profits or unfair wealth redistribution is considered impermissible (Arif et al., 2024; Khan, 2023). Additionally, leveraged futures contracts, where traders borrow funds to increase their market exposure, bear similarities to interest-based transactions (riba), which Islamic finance strictly prohibits. These elements necessitate an in-depth juridical and ethical evaluation of Binance's futures trading model through the lens of Fiqh Muamalah.

Various solutions have been proposed to address the concerns surrounding cryptocurrency and futures trading in Islamic finance. Some scholars advocate for the development of Shariah-compliant cryptocurrency exchanges that adhere to Islamic financial principles by ensuring fair pricing, eliminating speculative trading, and incorporating ethical investment mechanisms (Yaakob et al., 2022). Others propose Central Bank Digital Currencies (CBDCs) as a viable alternative to decentralized cryptocurrencies, as they offer stability, regulatory oversight, and state-backed legitimacy (Glavina & Asmyatullin, 2024). In the realm of futures trading, efforts have been made to design Islamic derivatives that align with Shariah principles, such as Salam and Istisna contracts, which allow deferred transactions under strict conditions that ensure fairness and asset-backed trading (Jihad et al., 2024). While these alternatives provide promising directions, they have yet to gain widespread adoption, leaving a regulatory and ethical gap in the rapidly expanding market of cryptocurrency futures trading.

Specific studies have attempted to bridge the gap between cryptocurrency trading and Islamic finance by exploring mechanisms that minimize gharar and maysir. Researchers argue that if futures contracts were structured as risk-hedging instruments rather than speculative tools, they could be permissible under Islamic law (Karianga & Fernando, 2024). This aligns with the fundamental objective of Islamic finance, which allows risk management strategies but prohibits exploitative financial instruments. Additionally, the integration of real asset backing and profit-sharing arrangements into cryptocurrency trading models has been proposed as a method to enhance their compliance with Fiqh Muamalah (Wahab et al., 2023). Despite these efforts, the speculative nature of Binance's futures trading system raises significant concerns, as it primarily serves as a platform for high-risk financial speculation rather than an investment tool grounded in ethical finance.

The broader literature on Islamic finance and cryptocurrency highlights several gaps in the discussion on futures trading. While extensive research has explored the legal status of cryptocurrencies in Islamic finance (Abubakar et al., 2019; Alam et al., 2019; Chowdhury & Razak, 2019; Muedini, 2018; Selcuk & Kaya, 2021), fewer studies have specifically examined the mechanics of futures trading on cryptocurrency exchanges from a Shariah perspective. Most analyses focus on general trading principles rather than the specific contractual mechanisms employed by platforms like Binance.

Furthermore, while regulatory efforts in conventional finance aim to curb excessive speculation, there remains a lack of consensus among Islamic scholars regarding the extent to which speculative elements in futures trading can be mitigated to align with Shariah principles. These gaps underscore the need for a focused examination of Binance futures trading within the framework of Fiqh Muamalah to determine whether its practices can be reconciled with Islamic ethics.

This study aims to fill the aforementioned gap by conducting a comprehensive analysis of Binance futures trading from an Islamic jurisprudential perspective. Specifically, it evaluates whether the fundamental principles of Fiqh Muamalah—prohibition of gharar, maysir, and riba—are upheld or violated in Binance's futures trading model. By employing a normative juridical approach, this study systematically examines the legal, ethical, and financial dimensions of futures contracts in the cryptocurrency market. The research provides new insights into the intersection of digital finance and Islamic law, contributing to the broader discourse on Shariah-compliant financial instruments. The findings are particularly relevant for Muslim investors, policymakers, and scholars seeking a clearer understanding of the religious permissibility of engaging in cryptocurrency derivatives trading. Ultimately, this study not only addresses the theoretical and legal dimensions of Binance futures trading but also highlights practical implications for the regulation and structuring of Islamic finance-friendly investment tools.

LITERATURE REVIEW

The Concept of Futures Trading in Financial Markets

Futures trading is a financial instrument designed to facilitate risk management, price discovery, and speculative opportunities in various asset classes, including commodities, equities, and cryptocurrencies. Unlike spot trading, which involves the immediate exchange of assets, futures contracts obligate buyers and sellers to execute transactions at a predetermined price on a specified future date (Xia et al., 2024). These contracts enable traders to hedge against price fluctuations, particularly in volatile markets, by locking in prices for future transactions (Narayanan et al., 2024). While futures trading plays a critical role in conventional financial markets, it also introduces complexities related to market speculation, leverage, and systemic risks (Malhotra & Sharma, 2016).

In cryptocurrency markets, futures trading has gained popularity due to high volatility and profit potential, attracting both institutional and retail investors. Binance Futures, launched in 2019, has emerged as one of the largest cryptocurrency futures platforms, providing traders with various contract types, including perpetual and quarterly futures (Kristardi, 2024). The high leverage ratios offered by Binance allow traders to open large positions with relatively small capital, amplifying both profit potential and risk exposure (Pakpaharan, 2024). However, the increasing reliance on leverage has led to concerns over financial instability, excessive speculation, and market manipulation, which have drawn regulatory scrutiny (Han & Liang, 2017). These concerns underscore the need for a comprehensive assessment of futures trading's

alignment with ethical and legal frameworks, particularly from an Islamic finance perspective.

Cryptocurrency and Its Legitimacy in Islamic Finance

The permissibility of cryptocurrencies in Islamic finance remains a subject of scholarly debate, primarily due to concerns regarding their intrinsic value, volatility, and speculative nature. According to Islamic financial principles, a valid currency must possess characteristics such as intrinsic value, stability, and wide acceptability (Prasetiyo & Janah, 2022). Cryptocurrencies like Bitcoin, Ethereum, and Binance Coin do not have intrinsic value in the same way as commodities such as gold and silver; their prices are instead driven by market demand and speculation (Fuadi et al., 2022). This raises the question of whether digital assets can function as legitimate Shariah-compliant financial instruments.

Some scholars argue that cryptocurrencies can be integrated into Islamic finance if they serve as a transparent and widely accepted medium of exchange (Mu'adzah et al., 2024). Others highlight the risk of gharar (excessive uncertainty) and maysir (speculation) associated with cryptocurrency investments, particularly in volatile market conditions (Siswantoro et al., 2020). Moreover, the lack of government regulation and the potential for price manipulation in decentralized markets further complicate their Islamic legal status (Khan, 2023). Given these conflicting views, scholars emphasize the need for clear regulatory frameworks and ethical guidelines to determine the permissibility of cryptocurrency-based financial transactions.

Futures Trading in Islamic Finance

Islamic finance prohibits transactions that involve gharar, maysir, and riba (usury or interest-based lending), as these elements undermine fairness, transparency, and economic justice. Futures contracts, particularly those that involve deferred payments, excessive speculation, and leverage, present significant challenges in aligning with Fiqh Muamalah principles (Wahid et al., 2023).

One of the main concerns regarding futures trading in Islamic finance is the presence of gharar, which refers to excessive uncertainty in contractual agreements. Futures contracts inherently involve speculation on future price movements, making them susceptible to high levels of uncertainty and financial risk (Suhardana et al., 2024). The speculative nature of futures trading is particularly problematic when traders engage in short selling or high-frequency trading, as these practices prioritize profit maximization over ethical considerations (Parameshwara & Riza, 2023).

Additionally, the issue of maysir (gambling-like behavior) arises when traders participate in highly leveraged futures contracts, which can lead to significant financial losses. Many scholars argue that such speculative practices resemble gambling, as they involve risk-taking without productive economic activity (Azizah & Irfan, 2020). This raises ethical concerns regarding the sustainability and fairness of futures trading, especially in markets driven by speculation rather than tangible asset ownership.

Alternative Shariah-Compliant Derivatives

To address the ethical concerns associated with futures trading, Islamic finance scholars have explored the development of Shariah-compliant derivatives that align with Islamic legal principles. Traditional Islamic finance permits risk-hedging instruments under specific conditions, such as Salam and Istisna contracts, which allow for deferred transactions while maintaining asset-backed trading structures (Karianga & Fernando, 2024).

One proposed solution is the use of structured Islamic derivatives, which incorporate profit-sharing mechanisms, asset-backed financing, and risk-sharing principles (Wahab et al., 2023). These instruments differ from conventional futures contracts in that they eliminate excessive speculation and leverage, ensuring that transactions are conducted in an ethical and transparent manner. Additionally, scholars advocate for Islamic exchange platforms that operate under strict regulatory oversight, ensuring compliance with Shariah guidelines while maintaining financial stability (Yaakob et al., 2022).

Despite these proposed alternatives, the widespread adoption of Shariah-compliant derivatives remains limited due to regulatory and structural challenges. While some financial institutions have developed Islamic hedging mechanisms, these tools have yet to gain significant traction in mainstream Islamic finance. As such, the current gap in Islamic derivatives markets necessitates further research and development to create viable alternatives that uphold both ethical and economic sustainability.

METHOD

Research Design

This study employs a qualitative research approach with a normative juridical methodology, focusing on the legal and ethical dimensions of futures trading on the Binance platform from an Islamic finance perspective. Normative juridical research is widely utilized in legal studies to examine written laws, principles, and doctrines related to specific legal issues (T. A. Christiani, 2016; Hamzani et al., 2023). This method is particularly appropriate for the present study as it investigates the compatibility of futures trading with Islamic jurisprudence (Fiqh Muamalah) by analyzing relevant Shariah principles, Islamic financial regulations, and existing legal frameworks.

Normative juridical research primarily relies on secondary sources, such as statutory regulations, Islamic legal doctrines, and scholarly interpretations of Fiqh Muamalah. This approach is complemented by a descriptive qualitative method, which enables the systematic and factual presentation of the legal, economic, and ethical implications of futures trading. Given the lack of empirical data in this study, textual analysis and doctrinal interpretation are employed to assess the extent to which Binance futures trading aligns with or contradicts Islamic financial principles.

Data Sources and Collection

The study utilizes secondary data sources, which are categorized into primary legal sources, secondary legal sources, and tertiary references:

- Primary Legal Sources: These include Qur'anic verses, Hadith, and classical Islamic legal texts that establish the foundational principles of Islamic financial jurisprudence. Specific references include Surah An-Nisa (4:29), Hadith prohibiting gharar-based transactions, and fatwas issued by Islamic scholars and regulatory bodies.
- Secondary Legal Sources: These consist of academic journal articles, legal commentaries, and contemporary Islamic finance literature that analyze cryptocurrency, derivatives trading, and Islamic financial ethics.
- Tertiary References: These include encyclopedias, dictionaries, and legal reference books that aid in the conceptual clarification of fiqh terms and financial instruments. Additionally, information from Binance's official website, regulatory reports, and market analysis documents is used to provide an accurate depiction of the Binance futures trading system.

Data collection is conducted through extensive literature review and qualitative content analysis, allowing for a thorough examination of legal arguments, financial policies, and ethical considerations relevant to the research problem.

Data Analysis and Interpretation

The study adopts a doctrinal legal analysis approach, which involves interpreting legal texts, Shariah principles, and financial regulations to determine their applicability to Binance futures trading (Setyagama et al., 2024). This analysis is structured around four key dimensions:

1. Legal Classification of Futures Trading in Islamic Jurisprudence
    - Evaluates the Shariah status of futures contracts, particularly regarding gharar (uncertainty), maysir (speculation), and riba (interest-based financing).
    - Compares conventional derivatives with Shariah-compliant alternatives, such as Salam and Istisna contracts (Karianga & Fernando, 2024).
2. Ethical and Economic Implications of Cryptocurrency-Based Futures Trading
    - Examines the role of cryptocurrency volatility and speculative behavior in shaping Binance futures trading.
    - Identifies potential risks associated with leverage, margin trading, and automated liquidations (Pakpaharan, 2024).
3. Comparative Analysis of Islamic Financial Fatwas on Cryptocurrency Derivatives
    - Reviews Islamic rulings issued by MUI, AAOIFI, and other Islamic financial bodies regarding cryptocurrency trading and futures contracts.

- Identifies inconsistencies in scholarly opinions and explores alternative regulatory approaches (Sapanji & Saudi, 2019).

4. Regulatory Challenges and Recommendations for Shariah-Compliant Futures Trading
    - Assesses existing regulatory frameworks for cryptocurrency derivatives trading.
    - Proposes modifications to Binance's trading structure to enhance compliance with Shariah finance principles (Jihad et al., 2024).

The interpretive aspect of this analysis ensures that legal principles are not examined in isolation but are contextualized within contemporary financial realities.

Justification for the Research Methodology

The use of normative juridical research is justified for several reasons. Islamic financial jurisprudence is fundamentally a legal discipline, requiring doctrinal analysis rather than empirical research. The study's focus on Fiqh Muamalah necessitates a thorough examination of legal texts, fatwas, and scholarly interpretations (Anugrah & Siregar, 2024).

The dynamic nature of cryptocurrency markets poses challenges for empirical research, as price movements and trading behaviors change rapidly. A legal-theoretical approach allows for a stable and systematic analysis of futures trading without reliance on fluctuating market data (Gaol et al., 2023). Previous research in Islamic finance and cryptocurrency regulation has predominantly been conceptual and doctrinal, making this methodology consistent with existing scholarly traditions in the field (Yaakob et al., 2022).

Furthermore, the selection of Binance as a case study is based on its dominant position in the cryptocurrency derivatives market. Binance's trading volume and liquidity make it a representative platform for analyzing the Shariah compliance of cryptocurrency futures trading (Rahardja et al., 2023).

RESULTS

The Structure and Mechanism of Futures Trading on Binance

Futures trading on Binance operates as a derivative financial instrument, allowing traders to speculate on the price movement of cryptocurrencies without requiring ownership of the underlying assets. Binance offers various types of futures contracts, including perpetual contracts and quarterly futures, both of which facilitate leveraged trading (Kristardi, 2024). Perpetual contracts, unlike traditional futures contracts, do not have an expiration date and rely on a funding rate mechanism to ensure that their prices remain aligned with the spot market.

A critical component of Binance Futures is the use of margin and leverage, which enables traders to control large positions with relatively small capital. While this provides opportunities for amplified gains, it also significantly increases financial risk, as liquidation can occur if a trader's margin balance falls below the required

maintenance level (Pakpaharan, 2024). The Binance platform employs an automated liquidation mechanism, where positions are forcefully closed once they reach a certain loss threshold, leading to potential total capital depletion for traders.

Additionally, Binance offers a cross-margin and isolated-margin system, allowing traders to choose whether their available balance will be pooled across multiple positions or restricted to individual trades. While these mechanisms provide strategic flexibility, they also introduce substantial risks associated with market volatility and margin calls (Rahardja et al., 2023). The high degree of speculation involved in these trading practices raises concerns about their ethical and legal standing under Islamic finance principles, particularly regarding gharar (excessive uncertainty) and maysir (speculative risk-taking).

Elements of Gharar in Binance Futures Trading

Islamic finance strictly prohibits transactions that involve excessive uncertainty (gharar), as they can lead to unjust financial losses and exploitation. Gharar in financial transactions arises when there is ambiguity in contract terms, excessive risk, or an inability to predict the outcome of a trade with reasonable certainty (Suhardana et al., 2024).

Several aspects of Binance futures trading exhibit high levels of gharar, including:

- Price Volatility: The cryptocurrency market is characterized by extreme price fluctuations, often driven by speculative activity rather than fundamental economic factors. This makes it difficult for traders to accurately assess potential risks and rewards (Fuadi et al., 2022).
- Leveraged Positions: The use of high leverage ratios magnifies both potential gains and losses, making trading outcomes highly unpredictable. When combined with market volatility, this results in a highly uncertain financial environment (Prasetiyo & Janah, 2022).
- Liquidation Mechanism: The automated liquidation process on Binance leads to forced closure of trades once certain thresholds are met, which can occur rapidly due to sudden market swings. This further exacerbates financial uncertainty and risk exposure for traders (Karianga & Fernando, 2024).

From an Islamic finance perspective, contracts that involve excessive gharar are deemed impermissible because they contradict the fundamental principles of fairness and transparency in economic transactions. Therefore, the presence of extreme uncertainty in Binance futures trading suggests a strong misalignment with Fiqh Muamalah principles (Yaakob et al., 2022).

The Role of Maysir in Speculative Trading

Islamic finance prohibits maysir (gambling or speculative behavior), which refers to risk-taking activities where financial gains are dependent on pure chance rather than productive economic activity (Azizah & Irfan, 2020). The nature of Binance futures trading shares several similarities with gambling, as it encourages high-risk

speculation and profit-seeking through leveraged positions rather than investment in tangible assets.

Key indicators of maysir in Binance futures trading include:

- Speculative Trading Strategies: Many traders engage in short-term speculative trading, hoping to profit from rapid price movements rather than making long-term investments in valuable assets (Parameshwara & Riza, 2023).
- High Failure Rate Among Traders: Data suggests that a significant proportion of retail traders experience substantial losses in futures trading, with a small minority of highly skilled traders profiting from market inefficiencies (Pakpaharan, 2024). This closely resembles gambling-like dynamics, where the majority of participants incur losses while a select few benefit.
- Psychological and Behavioral Risks: The speculative nature of futures trading fosters a gambling mentality, where traders make irrational financial decisions based on emotions rather than strategic analysis. Studies indicate that high-risk trading behaviors often lead to addiction-like tendencies, similar to those observed in gambling activities (Şentürk et al., 2023).

Given these characteristics, Binance futures trading appears to conflict with the Islamic prohibition against maysir, reinforcing the argument that this trading model does not conform to Shariah principles.

The Presence of Riba in Margin and Leverage Trading

Another critical issue in Binance futures trading is its potential involvement in riba (interest-based transactions), which is explicitly prohibited in Islamic finance. Riba occurs when financial transactions generate profits through interest-bearing mechanisms rather than legitimate trade or productive activities (Choudhury et al., 2018; Daly & Frikha, 2016; Eyerci, 2021).

Several aspects of Binance's trading structure suggest potential riba violations, including:

- Leverage and Borrowing Costs: When traders use leverage, they are essentially borrowing funds from the exchange, often with hidden costs embedded in funding rates or margin interest fees. This introduces elements of interest-based transactions, which are not permissible in Islamic finance (Anjum, 2022; Suharto, 2018).
- Funding Rate Mechanism: In perpetual futures contracts, Binance applies a funding rate system, where traders who hold long or short positions must pay a periodic fee based on market conditions. While this fee is not explicitly labeled as "interest," it bears similarities to riba, as it involves financial compensation unrelated to real asset ownership (Glavina & Asmyatullin, 2024).

- Debt-Driven Trading Model: The underlying principle of leveraged trading on Binance is dependent on borrowed funds, which contradicts the Islamic finance emphasis on risk-sharing rather than debt accumulation (Wahab et al., 2023).

From a Shariah compliance standpoint, these characteristics make Binance futures trading problematic, as it introduces elements of interest-based transactions that are explicitly forbidden in Islamic finance.

The Regulatory and Ethical Challenges of Binance Futures Trading

Binance, as one of the largest cryptocurrency exchanges, has facilitated the growth of cryptocurrency futures trading by providing traders with access to leveraged contracts and derivative products. While Binance has implemented risk management tools, such as stop-loss orders and margin requirements, concerns remain regarding market manipulation, excessive speculation, and unfair trading practices (Rahardja et al., 2023).

From an Islamic finance perspective, Binance futures trading presents several ethical and legal challenges:

1. Lack of tangible asset ownership: Futures contracts on Binance do not involve the physical exchange of assets, raising concerns about Shariah compliance.
2. High levels of speculation: Many Binance futures traders engage in speculative trading, which closely resembles maysir (gambling-like behavior) (Almahendra et al., 2024).
3. Leverage and margin trading: The use of leverage amplifies financial risk and potential losses, leading to debt-based speculation, which Islamic finance strictly prohibits (Azizah & Irfan, 2020).
4. Unregulated market dynamics: Unlike traditional financial markets, which are subject to strict regulatory oversight, cryptocurrency futures markets operate with minimal governance, increasing the risk of market manipulation and unethical trading practices (K. Christiani et al., 2022; Fajar & Sugiyono, 2024; Hairudin et al., 2022).

Given these challenges, scholars emphasize the need for greater regulatory clarity and ethical oversight in cryptocurrency futures trading. Some propose the development of Islamic cryptocurrency exchanges, where trading activities adhere to Shariah principles and prohibit excessive speculation and leverage (Jihad et al., 2024). Others advocate for educational initiatives to raise awareness among Muslim traders about the risks and ethical concerns associated with futures trading (Yaakob et al., 2022).

The findings indicate that Binance futures trading contains significant elements of gharar (excessive uncertainty), maysir (speculative behavior), and riba (interest-based financing), all of which conflict with Islamic financial principles. While Binance has established itself as a dominant player in cryptocurrency derivatives trading, its trading mechanisms do not align with the ethical and legal standards of Islamic

finance. The study underscores the need for greater regulatory oversight and the development of Shariah-compliant financial instruments to accommodate the growing demand for ethical and Islamic-friendly digital asset trading solutions.

CONCLUSION

This study critically examined futures trading on Binance from an Islamic finance perspective, evaluating its compliance with Fiqh Muamalah principles. The findings indicate that Binance futures trading is fundamentally misaligned with Islamic financial ethics due to its reliance on gharar (excessive uncertainty), maysir (speculative behavior), and riba (interest-based financing). The highly leveraged nature of futures contracts, combined with market volatility and speculative trading strategies, creates an environment where traders are exposed to extreme financial risk, often leading to unjust financial outcomes.

The study contributes to the broader discourse on cryptocurrency regulation within Islamic finance, providing an in-depth analysis of how digital asset derivatives conflict with Shariah principles. Given the increasing participation of Muslim investors in digital asset markets, the study underscores the urgent need for Shariah-compliant financial alternatives that maintain the benefits of futures trading while eliminating its unethical components.

Beyond its theoretical contributions, the study has practical implications for Islamic financial regulators, policymakers, and traders, emphasizing the necessity of clear regulatory frameworks and ethical trading models. Future efforts should focus on developing Islamic-compliant risk-hedging instruments that align with Shariah principles while supporting financial innovation in digital markets. The findings highlight the importance of integrating Islamic finance principles into the rapidly evolving landscape of cryptocurrency trading, ensuring that ethical considerations remain central to financial development.

Limitations of the Study

While this study provides a comprehensive legal and ethical analysis of Binance futures trading, certain limitations must be acknowledged. First, the study relies exclusively on secondary data sources, including legal texts, fatwas, and scholarly literature, without incorporating empirical data from actual trading activities. Future research could benefit from quantitative analyses examining the financial impact of Binance futures trading on Muslim investors.

Second, Islamic jurisprudence varies across different schools of thought, leading to differences in legal interpretations of cryptocurrency and futures trading. Although the study references widely accepted Shariah principles, the conclusions drawn may not be universally applicable to all Islamic financial jurisdictions. A broader examination of regional variations in Islamic financial regulation could provide a more comprehensive perspective on cryptocurrency futures trading within the Islamic world.

Additionally, the study does not account for potential modifications or alternative trading mechanisms that may be introduced to make Binance futures more compliant with Islamic finance. Exploring the development of Shariah-compliant digital derivatives would enhance the practical applicability of the study's findings.

Lastly, given the rapid evolution of cryptocurrency regulations and financial technologies, Binance's trading policies and regulatory landscape may change over time. Future research should continuously update its analysis to reflect new financial instruments, emerging regulatory frameworks, and evolving scholarly opinions on digital asset trading.

Recommendations for Future Research

The findings of this study highlight several important directions for future research. First, further studies should focus on developing and testing Islamic-compliant financial derivatives that serve as ethical alternatives to conventional futures contracts. Exploring instruments such as profit-sharing contracts, asset-backed digital derivatives, and Shariah-compliant hedging mechanisms could provide viable solutions for Muslim investors seeking ethical financial products.

Second, empirical research should assess the real-world impact of Binance futures trading on investors, particularly within Muslim-majority economies. Conducting market-based studies that analyze trading behaviors, risk exposure, and financial losses among Muslim traders would provide valuable data to support regulatory decision-making.

Another promising avenue for research is the comparative analysis of cryptocurrency regulations across different Islamic jurisdictions. As Islamic finance expands globally, understanding how different regulatory bodies classify and govern digital asset derivatives could inform best practices for integrating Islamic finance principles into modern trading platforms.

Finally, future studies should explore the role of Islamic financial institutions in shaping digital asset markets. Investigating how Islamic banks, central banks, and financial authorities engage with cryptocurrency regulations could help bridge the gap between traditional Shariah-compliant finance and emerging digital markets. As digital finance continues to evolve, research in this field will be essential for ensuring that financial innovation aligns with ethical and religious values.

Author Contributions

Conceptualization	R.Z. & M.R.S.	Resources	R.Z. & M.R.S.
Data curation	R.Z. & M.R.S.	Software	R.Z. & M.R.S.
Formal analysis	R.Z. & M.R.S.	Supervision	R.Z. & M.R.S.
Funding acquisition	R.Z. & M.R.S.	Validation	R.Z. & M.R.S.
Investigation	R.Z. & M.R.S.	Visualization	R.Z. & M.R.S.
Methodology	R.Z. & M.R.S.	Writing – original draft	R.Z. & M.R.S.
Project administration	R.Z. & M.R.S.	Writing – review & editing	R.Z. & M.R.S.

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Informed Consent Statement

Informed consent was not required for this study.

Data Availability Statement

The data presented in this study are available from the corresponding author upon reasonable request.

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Conflicts of Interest

The authors declare no conflicts of interest.

Declaration of Generative AI and AI-Assisted Technologies in the Writing Process

During the preparation of this work the authors used ChatGPT, DeepL, Grammarly, and PaperPal in order to translate from Bahasa Indonesia into American English, and to improve clarity of the language and readability of the article. After using these tools, the authors reviewed and edited the content as needed and take full responsibility for the content of the published article.

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