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RESEARCH ARTICLE

Affectors on the Adoption of Cryptocurrencies and Digital Assets in Islamic Finance

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ABSTRACT

This study delves into the factors that drive the adoption of cryptocurrencies and digital assets within the Islamic finance sector while emphasizing the transformative potential of these technologies for Islamic online payments and investment avenues. The research highlights the essential need for adherence to Shariah principles. Using the Diffusion of Innovations Theory, the study analyzes criteria such as relative advantage, compliance with Islamic principles, and observability of advantages. Gathering 153 valid responses through a purposive sampling approach, the study employs exploratory factor analysis and multiple regression analysis to identify four significant factors influencing the adoption of cryptocurrencies and digital assets in Islamic finance: market acceptance, Shariah compliance, economic stability, and technological security. The model accounts for 50% of the variance in adoption (R^2 = 0.500). The study concludes by emphasizing the significance of establishing Shariah-compliant standards, creating a favorable economic and legal environment, monitoring the effects on economic stability, and integrating robust security measures to stimulate the widespread adoption of digital innovations within the Islamic financial sector.

1. INTRODUCTION

Integrating cryptocurrencies and digital assets into the banking industry has sparked considerable attention and discussion worldwide (Umesh et al., 2023). This interest is not limited to traditional finance but also encompasses Islamic finance, which is governed by the principles of Shariah law. The potential of cryptocurrencies and digital assets to fundamentally transform Islamic online payments and investment options is a highly attractive field for investigation (Senathirajah et al., 2024). This study examines factors affecting cryptocurrencies and digital assets and explores their potential to transform the Islamic finance sector.

Islamic finance is distinguished by its strict adherence to Shariah law, which explicitly forbids the charging of interest (riba), engaging in doubtful transactions (gharar), and participating in speculative activities (maysir) (Elasrag, 2016). With their inherent characteristics of decentralisation, transparency, and security, the rise of cryptocurrencies and digital assets provides a new way to carry out financial transactions that could align with these values (Tzer et al., 2024). Nevertheless, adherence to Shariah principles in these digital advancements is still a topic of academic discussion (Alam et al., 2019).

Cryptocurrencies and digital assets have the potential to revolutionise Islamic finance by enabling efficient, secure, and transparent transactions (Rana et al., 2023). Adopting these services could improve the accessibility and inclusivity of Islamic financial services, allowing them to reach

communities that are currently underserved (Khan & Salah, 2018). In addition, the blockchain technology that supports cryptocurrencies has the potential to provide innovative methods for adhering to Shariah principles. This can be achieved through smart contracts, which automatically enforce the conditions of a transaction (Hassan et al., 2020). Sharia compliance related to cryptocurrencies and blockchain poses a significant challenge for Islamic FinTech organisations (Rabbani et al., 2020). Cryptocurrencies' anonymity and operational ease have raised concerns about their potential misuse by terrorist organisations (Ahmad, 2024). Despite facing challenges in adopting new technologies, the Sharia finance industry needs to consider incorporating innovations like Fintech to stay competitive (Fadila, 2023). Chowdhury, M. A. M., & Abdul Razak, D. B. (2019) mentioned, based on the finding, that there is still lacking of mechanisms of digital currency to comply with Islamic perspectives such as real asset-backed and legal authorisation.

Furthermore, there is an ongoing debate regarding the compatibility of cryptocurrencies with Islamic finance principles (Birjaman, 2024). Cryptocurrencies may present risks in Islamic finance, such as their potential use for activities prohibited in Islam, like gambling (Katterbauer et al., 2022). This study will utilise the Diffusion of Innovations Theory (Rogers, 2003) to examine how Islamic finance adopts and uses cryptocurrencies and digital assets. This study seeks insights into integrating digital innovations into the Islamic financial sector by analysing criteria such as relative advantage, compliance with Islamic principles, and observability of advantages (Narayanan et al., 2024). However, the adoption of cryptocurrencies in Islamic finance is not without challenges. The volatility of digital assets and the lack of a centralised regulatory framework raise concerns about their stability and security as a medium for financial transactions (Khan & Salah, 2018). Despite these challenges, the potential for cryptocurrencies and digital assets to contribute to the growth of Islamic finance remains a promising area for further research and development (Josephine et al., 2018).

This research aims to enhance the comprehension of the Shariah compliance of cryptocurrencies and digital assets and their capacity to transform Islamic online payments and investment prospects (Khalil et al., 2022). This study seeks to provide significant insights for scholars, practitioners, and policymakers involved in developing Shariah-compliant financial technology by examining the convergence of digital innovation and Islamic finance (Adetayo et al., 2022).

2.0 LITERATURE REVIEW

Cryptocurrencies have attracted significant attention in recent years, with various studies exploring different aspects of their adoption and impact (Ling et al., 2023). The assessment of Sharia compliance in cryptocurrencies has been a subject of interest (Katterbauer et al., 2022). This includes the development of data-driven methods to determine the compliance of cryptocurrencies with Sharia principles objectively, providing users with a clear understanding of whether these digital assets align with Islamic finance regulations.

Shariah compliance assessment is crucial, especially in Muslim populations and countries, as adherence to Islamic principles is a fundamental requirement for the acceptance and use of cryptocurrencies in these regions. According to research on Sharia-compliant cryptocurrencies, these digital assets need to align with the principles of Shariah law, such as preserving wealth and avoiding prohibited activities such as usury, gambling, and speculation (Fei et al., 2024). Several studies have explored this intersection. Ali et al. (2019) conducted a study on the potential impact of fintech on Islamic banking and finance in Brunei Darussalam and Malaysia, shedding light on the implications of technological advancements on Sharia compliance (Ali et al., 2019; Iftikhar & Saba, 2020) delved into the application of blockchain technology in Sharia-compliant investments, providing insights into enhancing compliance within Islamic finance. (Iftikhar & Saba, 2020; Ayu & Wati, 2022) conducted a systematic literature review on cryptocurrency, tax imposition, and Sharia finance in Indonesia, offering a comprehensive overview relevant to the Sharia compliance assessment of digital assets. Meanwhile, Bintarto et al. (2022), explored the application of Islamic principles such as Zakah and Waqf to cryptocurrencies, contributing to understanding Sharia compliance considerations in the adoption of digital assets within Islamic finance.

Moreover, technological security measures are another critical aspect that needs to be addressed for the widespread adoption of cryptocurrencies and digital assets (Chisala et al., 2018). These measures include encryption, authentication, and secure storage mechanisms to protect the integrity and

confidentiality of transactions and user data. technological security measures play a crucial role in the adoption of cryptocurrencies. While the cryptocurrency market has been evolving since its inception as a financial asset (Corbet et al., 2019), concerns about security, including the risk of scams and illegal activities, have been raised (Zhu et al., 2022). Issues of security and regulatory compliance are expected to persist in the cryptocurrency market for the foreseeable future (Hileman & Rauchs, 2017). The regulatory dialectic suggests that regulatory responses tend to be reactive and may potentially become more burdensome or oppressive (Dupuis & Gleason, 2020). This underscores the ongoing challenge of striking a balance between innovation and security in the regulatory framework concerning cryptocurrencies. The need for robust security measures to mitigate risks associated with digital assets is paramount for market acceptance and regulatory compliance (Jing et al., 2023).

On the other hand, the level of understanding and awareness of cryptocurrencies and blockchain technology plays a significant role in their market acceptance. Educational initiatives and transparent information dissemination about the benefits and risks associated with cryptocurrencies can increase their adoption, especially if such efforts highlight Shariah compliance aspects (Elasrag, 2016). Therefore, market acceptance of cryptocurrencies is influenced by factors such as economic stability and the regulatory environment (Wai et al., 2024). Studies have shown that economic conditions can drive speculative investments in cryptocurrencies, leading to increased trading values and price volatility (Nguyen et al., 2022). Factors such as acceptance, technology, and regulation significantly influence the intention to use cryptocurrencies as a financial tool (Eloy Gil-Cordero et al, (2020).

Besides market acceptance, the regulatory landscape also plays a vital role in shaping the market dynamics and ensuring financial stability (Belke & Beretta, 2020). Regulated competition and embracing underlying technologies are essential for maintaining monetary stability amidst the rise of cryptocurrencies.

The acceptance of cryptocurrencies and digital assets is greatly impacted by the regulatory environment. Policymakers and regulatory organizations have a vital responsibility in creating structures that effectively manage the interplay between innovation, security, and market stability (Ahmed et al., 2024). Their goal is to promote the adoption and incorporation of digital assets into the financial ecosystem. For policymakers and regulatory agencies to fully grasp the function of big cryptocurrencies as financial assets, they must appreciate how these cryptocurrencies behave to other assets. Corbet et al. (2018) conducted the study. The varied market of cryptocurrencies poses issues in terms of regulatory supervision, possible unlawful utilization, and breaches in infrastructure, highlighting the need for efficient regulatory frameworks (Corbet et al., 2018). The global economy is constantly evolving, with new technologies and innovations shaping the way we conduct financial transactions. These forms of digital currencies have gained wider recognition due to several factors, including the failure of paper money to mitigate inflation and economic disequilibria since the disappearance of the gold standard. As technology continues to advance, the potential of blockchain technology and its role in shaping the future of finance cannot be ignored. The adoption of cryptocurrencies and digital assets has the potential to bring about economic stability and revolutionize financial systems. For instance, the blockchain technology underlying cryptocurrencies offers a decentralized and transparent system for recording transactions.

This, in turn, can enhance accountability, reduce fraudulent activities such as money laundering and robbery, and increase trust in the financial system. Furthermore, the adoption of cryptocurrencies and digital assets can also lead to a more efficient financial system. By eliminating intermediaries and streamlining processes, transactions can be conducted more quickly and at lower costs. Additionally, the adoption of cryptocurrencies and digital assets can provide individuals with greater access to financial services. Lastly, the economic stability of cryptocurrencies is closely tied to their market development and impact on traditional financial institutions (Othman et al., 2019). The growth of the cryptocurrency market can have implications for banks, affecting deposit variability and necessitating a revaluation of regulatory frameworks (Othman et al., 2019). Understanding the interplay between cryptocurrencies and traditional banking systems is crucial for policymakers to formulate effective regulations and investment strategies.

In summary, adopting cryptocurrencies and digital assets is a multifaceted phenomenon influenced by Sharia compliance, technological security measures, market acceptance, the regulatory environment, and economic stability (Leong et al., 2024). Addressing these aspects requires a comprehensive approach that considers the unique characteristics of cryptocurrencies while ensuring alignment with regulatory frameworks and financial stability measures.

3.0 Research Methodology

The study will apply the quantitative research method emphasises the use of measurable data and statistical analysis to derive findings on research inquiries. It is a technique that enables the extrapolation of conclusions from a subset to a broader population, provided that the subset is representative.

Quantitative analysis in the context of cryptocurrencies and digital assets in Malaysia's Islamic Finance. This approach can help quantify the extent of adoption, the demographic characteristics of adopters, and the factors influencing their decision to adopt cryptocurrencies (Senathirajah et al., 2023).

3.1 Data Collection

In this research project, data be collected by using a structured self-administered questionnaire. Researchers have chosen the questionnaire method to know what is required and how to measure the variables of interest, as has been explained by (Sekaran, 2010). The advantage of using questionnaires, they can establish rapport with respondents besides motivating them, respondents (Sirajuddin et al., 2023). Using questionnaires, researchers can meet respondents and any doubts about the questionnaires can be clarified.

There is one type of approach that has been used in this research which is primary data. The primary data refers to information obtained firsthand on the variable of interest for the specific purpose of the research (Sekaran, 2010). Utilise the structured questionnaire to collect data from participants (Francis et al., 2023). Ensure that the questionnaire includes a variety of questions related to demographic information, attitudes, behaviors, and perceptions regarding cryptocurrencies and digital assets (Osman et al., 2022).

3.2 Population of the study

According to Sekaran (2003), a population is defined as a collection of all possible individuals, objects, or measurements of interest. According to Bank Negara Malaysia (BNM) the minimum age to open a bank account, including online banking accounts, is generally 18 years old. This requirement aligns with the legal definition of adulthood in Malaysia (Ramalingam et al., 2024). Therefore, the study focuses on the population of individuals who are potential or current users of cryptocurrencies and digital assets with the age range between 18 to 65 years old. Based on the data from the Department of Statistics Malaysia, 2023, the approximate population range between 18-65 years old is 23 million.

3.3 Sample Size

Sample size refers to the number of individuals or units chosen from a larger population participating in the study. The data obtained from this sample is subsequently utilized to conclude the population's characteristics, behaviours, or views.

A large sample size will yield statistical power to effectively assess the research hypotheses (Hair, 1998; Field, 2005). Out of the 155 questionnaires distributed, 153 completed questionnaires (98%) were deemed valid for further investigation. The sample size was obtained using the guideline of five times the number of items in the questionnaire, as suggested by Hair et al. (2018). Based on this criterion, the current sample size 153 can be considered acceptable.

The research employed a purposive, judgment sampling approach since the study framework entails that the respondents meet certain specific criteria (Sekaran, 2004; Hair et al., 1998). According to Sekaran (2010), purposive sampling is confined to specific types of people who can provide the desired information, either because they are the only ones who have it or conform to some criteria,

while judgment includes the choice of subjects who are most advantageously placed or in the best position to provide the required information.

3.4 Research Instruments

Based on the theoretical framework, the research employed a structured questionnaire as the instrument to obtain the desired information (Khattak et al., 2022). The design of the research questionnaire aimed to elicit several types of data, namely data relating to respondent profiles and data relating to the various independent variables and the dependent variable.

In this study, an English-language structured questionnaire will be distributed to respondents. All items, except those concerning the respondent's demographic details, were measured on a 5-point interval scale (1= strongly disagree; 5 = strongly agree). The Items on the factors affecting cryptocurrencies and digital assets in Islamic finance were developed from various literature reviews by (Alam, N. et al (2019); Elasrag, H. (2016); Conti, M (2018); Catalini, C. et al (2016); Zohar,A, 2015; Hileman, G. et al 2017; Narayanan,A. et al 2016; Hileman,G. 2017).

3.5 Data Analysis

The data collected will be analysed using Statistical Package for the Social Sciences (SPSS) 27.0. SPSS will be used for factor analysis, which is particularly useful in studies on adopting digital assets and cryptocurrencies. The analysis will start with Exploratory Factor Analysis (EFA) to explore the underlying structure of the data without imposing any preconceived structure (Aziz et al., 2022). Principal Component Analysis (PCA) or Principal Axis Factoring (PAF) will be employed as extraction methods to reduce the data into more manageable factors. The number of factors to retain will be determined using the Scree test or the Kaiser criterion (eigenvalues greater than 1). Varimax rotation will then be used to facilitate the interpretation of the factors. The factors will be interpreted by analysing the factor loadings, representing the correlation between each variable and the factor. After identifying the primary factors that influence cryptocurrency adoption, a multiple regression analysis will be used to predict the level of adoption based on these factors (Wickneswary et al., 2024). The dependent variable (DV) will be the adoption of cryptocurrencies and digital assets, while the independent variables (IVs) will be the factors generated by EFA. This analysis will help understand each factor's influence on the decision to implement cryptocurrencies and digital assets (Annathurai et al., 2023).

4.0 RESULTS AND DISCUSSIONS

In this pivotal section of the study, delve into the empirical findings derived from the comprehensive analysis of factors influencing the adoption of cryptocurrencies and digital assets. Following a meticulous methodology that combined factor analysis with statistical validation, unearthed insights shed light on the multifaceted nature of cryptocurrency adoption and paved the way for a nuanced understanding of the digital asset landscape (Chowdhury et al., 2022). Begin with Demographic information, followed by Exploratory Factor Analysis with reliability and Multiple Regression.

4.1 Demography Analysis

Table 1: Demographic information of the respondents (n=153)

Demographic characteristics	Options	Frequency	Per cent
Gender	Male	34	22.2
	Female	119	77.8
Age	Less than 30 years	34	22.2
	30 to less than 40 years	97	63.4
	40 to less than 50 years	22	14.4
	50 to less than 60 years	-	-
	60 years and above	-	-
Educational level	Diploma	-	-
	Bachelor	55	35.9
	Masters	87	56.9
	PhD	11	7.2

Working experience	Less than 5 years	45	29.4
	5 to less than 10 years	44	28.8
	10 to less than 20 years	53	34.6
	More than 20 years	11	7.2

The descriptive analysis of the demographic information showed that 77.8% of the respondents were female, while 22.2% were male. 34.6 per cent of respondents have worked for 10 to less than 20 years, while 29.4% have worked for less than 5 years. These figures indicate the respondents' years of experience (Kaur et al., 2023). Approximately 28.8 per cent of the participants had less than 5 years of experience, while 7.2 per cent had worked for over 20 years. Additionally, it is noted that 56.9 per cent of the participants own a master's degree, while 35.9 per cent have bachelor's degrees and 7.2 per cent hold PhDs.

4.2 Exploratory Factor Analysis (EFA)

The EFA was used to reduce the quantity of items related to the adoption of cryptocurrency and digital assets. As stated in the Methods section, the factors derived from the variables were defined using varimax rotation.

Table 2

	Components/Factors						
Items	**1**	**2**	**3**	**4**	**5**	**Cronbach Alpha**	**Commonalities after extraction**
X10	0.628					0.889	0.670
X12	0.537						0.722
X21	0.573						0.574
X24	0.711						0.621
X25	0.817						0.751
X26	0.660						0.758
X29	0.704						0.623
X30	0.662						0.593
X14		0.783				0.878	0.716
X15		0.817					0.743
X16		0.872					0.808
X17		0.853					0.784
X19		0.680					0.521
X20		0.646					0.599
X1			0.706			0.872	0.627
X4			0.793				0.724
X5			0.835				0.794
X7			0.761				0.633
X8			0.838				0.821
X11				0.582		0.793	0.648
X22				0.747			0.602
X27				0.734			0.770
X28				0.833			0.772
X6					0.831	0.762	0.724
X9					0.807		0.821
Percentage variance explained by	16.43	16.14	14.77	12.12	7.80		

factor after rotation							

Notes: P < 0.001; KMO-MSA = 0.718; Bartlett's Test of Sphericity =3429.326

PCA was employed to perform data reduction. A factor loading criterion of 0.50 was utilised to determine which items should be kept in the factor. Factors were created for eigenvalues equal to or greater than 1.0. Table 2 presents the exploratory factor analysis (EFA) findings on a list of factors that influence the adoption of cryptocurrencies and digital assets. The Kaiser-Meyer-Olkin (KMO) value is 0.718, which exceeds the threshold value of 0.50.

Given that the KMO value is a metric for assessing the sufficiency of a sample, it may be concluded that the current sample is considered satisfactory. However, Bartlett's test of sphericity yields a highly significant result ($p < 0.001$). This indicates that there are substantial correlations among the variables that are essential for doing the Exploratory Factor Analysis (EFA). Thus, it can be inferred that the data is appropriate for the EFA. All factors have a commonality greater than 0.50. Hence, the factor model accounts for at least 50% of the element variation. The exploratory factor analysis (EFA) yielded five components that accounted for 67.25% of the overall variation. The factor loading values range from 0.537 to 0.889. Strong factor loadings for all the variables indicate the reliability and stability of the factor model. Five items were omitted due to their factor loadings falling below 0.50. Overall, 5 constructs and 30 items were reduced to 25 items. The specific components associated with the five factors are displayed in Table 2.

Table 3 Individual items belong to the Five Factors

No.of Item	Items	The five factors
X10	The transparency of blockchain technology makes it easier to track and report suspicious activities.	F1: Adoption of Cryptocurrencies and digital assets (ACDA)
X12	I believe that cryptocurrencies will become a mainstream method of payment within the next five years	
X21	I believe that cryptocurrencies contribute to economic stability by offering an alternative to traditional financial systems.	
X24	The integration of cryptocurrencies into the global financial system can enhance economic resilience	
X25	The adoption of cryptocurrencies can lead to increased innovation and economic growth.	
X26	I am willing to invest in cryptocurrencies and digital assets in the future	
X29	I believe that cryptocurrencies and digital assets will become mainstream financial instruments in the future	
X30	I would recommend investing in cryptocurrencies to friends or family members	
X14	The increasing number of people investing in cryptocurrencies makes me more interested in them.	F2: Market Acceptance (MA)
X15	Educational resources on cryptocurrency affect public acceptability.	
X16	A clear and supportive regulatory framework for cryptocurrencies would increase my confidence in investing in them.	

X17	The lack of worldwide cryptocurrency laws limits the adoption	
X19	Regulations that protect investors from fraud and theft are essential for the growth of the cryptocurrency market.	
X20	Shariah-compliant cryptocurrency regulations are crucial for Islamic finance adoption.	
X1	I believe that cryptocurrencies can be designed to comply with Shariah principles.	F3: Shariah Compliance (SC)
X4	Cryptocurrencies facilitate the practice of zakat (charitable giving) by making transactions more transparent.	
X5	The operation of cryptocurrency markets respects the principles of Islamic finance regarding ethical investment.	
X7	The decentralized nature of blockchain technology enhances the security of cryptocurrency transactions.	
X8	Regular updates and improvements in cryptocurrency protocols are sufficient to address security vulnerabilities.	
X11	The growing acceptance of cryptocurrencies by merchants and businesses positively influences my perception of them.	F4: Economic Stability (ES)
X22	The volatility of cryptocurrency markets poses a risk to economic stability.	
X27	I currently own cryptocurrencies or digital assets	
X28	I engage in a variety of activities with cryptocurrencies, such as investing, trading and using them for purchases.	
X6	I am confident in the technological security measures of cryptocurrencies to prevent fraud and unauthorized access.	F5:Technological Security (TS)
X9	I trust cryptocurrency wallets and exchanges to securely store my digital assets.	

4.3 Multiple-Regression Analysis (MRA)

Multiple regression analysis (MRA) involves fitting a model where the dependent variable, often denoted as, is predicted by multiple independent variables, denoted as β_1MA, β_2SC, β_3ES, and β_4TS. The general form of a multiple regression model can be expressed as:

$$ACDA = \alpha + \beta_1 MA + \beta_2 SC + \beta_3 ES + \beta_4 TS$$

Table 4 Model Summary

Model	R	R^2	Adjusted R^2	Std Error of the estimate
1	0.707	0.500	0.487	0.49621
a.	Predictors: (Constant), TS, SC, MC, ES			
b.	Dependent variable: ACDA			

The value obtained from Table 4 represents the degree of correlation between the observed values of the dependent variable and the values predicted by the model (Pathmanathan et al., 2022). An R-value of 0.707 implies a moderate to strong positive correlation. Whereas the coefficient of determination, R^2, quantifies the percentage of variability in the dependent variable that the independent variables can explain (Haibin et al., 2022). A result of 0.500 indicates that the model can account for 50% of the variability in the dependent variable. This amount is significant, indicating

that the model is well-suited (Ifedi et al., 2024). However, it also implies that there may be other factors not considered in the model that explain the other 50% of the variation. Next, Adjusted R^2 is a statistical measure that considers the number of predictors in a model, resulting in a more precise evaluation when there are several predictors. The marginal decline from R^2 to Adjusted R^2 suggests that specific predictors may not be making a meaningful contribution to the model (Barman et al., 2023). Each additional predictor that fails to enhance the model's performance has a detrimental effect on the Adjusted R^2. Within this framework, a standard error of around 0.496 shows that, on average, the predicted values are within 0.496 units of the actual values. This suggests a reasonably high level of predictive accuracy. The variables included as predictors in the analysis are (Constant), TS, SC, MC, and ES.

Table 5 ANOVA

Model	Sum of Squares	df	Mean square	F	Sig.
1 Regression	36.472	4	9.118	37.031	<0.001[b]
Residual	36.441	148	.246		
Total	72.913	152	222		

a. Dependent variable: ACDA

b. Predictors: (Constant) TS, SC, MA, ES

The F-statistic in Table 5 shown 37.031, coupled with a p-value of less than 0.001, indicates that the regression model is statistically significant. This implies that there is a strong relationship between the predictors (TS, SC, MA, ES) and the dependent variable (ACDA). The ratio of the Regression Sum of Squares to the Total Sum of Squares (36.472 / 72.913) suggests that around 50% of the variation in the dependent variable can be accounted for by the model.

Table 6 Multiple regression coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.284	.303		.939	.349
	MA	.274	.051	.316	5.331	.000
	SC	.172	.058	.187	2.971	.003
	ES	.330	.054	.394	6.111	.000
	TS	.156	.044	.213	3.542	.001

Table 6 shows the coefficients of MA, SC, ES and TS. For Market Acceptance (MA) the coefficient of 0.274, indicating a positive correlation with the dependent variable. Each time the Market Acceptance variable increases by one unit, the dependent variable increases by approximately 0.274 units. The statistical analysis reveals a substantial influence, as evidenced by a p-value of less than 0.001. This suggests a high probability that the observed association is not a result of random variation (Malarvizhi et al., 2024). The Beta coefficient of 0.316 emphasizes the relative significance of MA in the model when compared to other variables.

Whereas Shariah Compliance (SC), the coefficient for SC is 0.172, indicating a positive impact on the dependent variable. For every one-unit rise in Social Capital, there is a corresponding increase of 0.172 units in the dependent variable. The relationship is statistically dependable, as indicated by the significance level of 0.003. The standardized coefficient of 0.187, albeit smaller than that of MA, highlights the significance of Shariah Compliance in influencing the dependent variable. The Economic Stability (ES) predictor has the highest coefficient of 0.330, suggesting the most significant positive correlation with the dependent variable. This indicates that the Economic Status has a significant influence, as each incremental rise leads to a corresponding increase of 0.330 units in the dependent variable (Yu et al., 2023). The extremely small p-value (<0.001) and the most significant standardized coefficient (Beta) of 0.394 highlight the substantial and consistent impact of Economic Status in the model.

The coefficient for Technological security (TS) is 0.156, indicating a positive association. This indicates that enhancements in TS are linked to rises in the dependent variable, and a p-value of 0.001 confirms the statistical importance of this discovery. The standardized coefficient of 0.213 indicates that TS, although significant, has relatively less influence compared to Economic Stability or Market Acceptance (Haque et al., 2024). Lastly, the model's intercept, which is represented by the constant component, is roughly 0.284. This number shows the anticipated value of the dependent variable when all predictors have a value of zero. The total model demonstrates statistical significance, as indicated by the substantial p-values for all predictors. This suggests that the model effectively explains the variability in the dependent variable.

In summary, the regression analysis shows that the four predictors—Market Acceptance, Shariah Compliance, Economic Stability, and Technological security—all have a substantial impact on the dependent variable. The most influential component is Economic stability, followed by Market Acceptance, Shariah Compliance, and Technological security (Haque et al., 2022). This analysis not only facilitates comprehension of the immediate effects of these variables but also assists in decision-making processes where these elements may be considered for strategic planning or developing policies (Jye et al., 2022).

5.0 CONCLUSIONS

The acceptance of digital assets is essential for their widespread adoption, necessitating a favorable economic and legal environment. Collaboration between policymakers and financial institutions is crucial to enhance public understanding and establish regulations that foster innovation while protecting investors (Jiayuan et al., 2018). Clear policies and educational campaigns can simplify the complexities of these technologies and drive broader adoption. Moreover, ensuring compliance with Shariah principles is key to the adoption process, underscoring the importance of explicit norms and standards for cryptocurrencies to align with Islamic regulations. One approach could involve establishing a centralized governing body that certifies digital assets based on ethical and religious compliance. Given the significant impact of economic stability on adoption, regular monitoring by financial analysts and economists is vital to guide policies that harness the benefits of digital assets while minimizing potential risks to economic stability (Haque & Joshi, 2011). Additionally, it is imperative to prioritize robust security measures. As digital asset adoption grows, so does the risk of cyber threats (Haibao & Haque, 2023). Incorporating state-of-the-art security technology and ongoing exploration of advanced cryptographic techniques in blockchain technology can significantly enhance transaction security and asset preservation. The intersection of digital innovation and Islamic finance presents an exciting area for further exploration (Bin et al, 2022). Future research focusing on longitudinal studies to track market sentiments toward cryptocurrencies in Islamic financing settings, as well as comparative analyses of Islamic and conventional financial systems regarding digital assets, has the potential to yield valuable insights.

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Authors' Contributions:

All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

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