

Emerging Paradigm of Digital Currency in the Banking System: A New Shift for Afghanistan

Muska Hamza¹, Timor Shah Halim², Naseebullah Amani³

¹B. N. Bahadur Institute of Management Science, University of Mysore
*Email: muska.hamza123[at]gmail.com

²Roshan, Branch Manager, Telecommunication Network
Email: timorshah.halim[at]gmail.com

³B. N. Bahadur Institute of Management Science, University of Mysore
Email: naseebullahkhanamani[at]gmail.com

Abstract: *From its inception, digital currencies have spread like wildfire, with millions of users participating in a brand-new financial industry worth billions of dollars. As the globe continues to enter the digital age, the use of digital currencies will only increase. In 2018, the e-payments industry generated record-breaking worldwide revenues of \$1.9 trillion. The question ponders how Digital Currencies Will Shape the Future of the Banking System in Afghanistan. Obviously, online banking is swift and facilitates easy transactions; however, there are challenges to decentralizing some currencies like cryptocurrency. The digital transaction also facilitates cash outflow, and the central bank loses control over the country's financial system. Money laundering (Hawala) leads to cash outflow; on the other hand, international trade needs a swift banking system. There are ostensible challenges. Most of the Afghan citizens do not have a bank account, and the majority lack English and soft skills to operate online banking in day-to-day business dealings. The current study elaborates on how digital currencies are feasible with the traditional banking system and Afghanistan, and the study is limited to the Banking and digital premise.*

Keywords: Digital currency, Cryptocurrency, online banking and Traditional Banking

1. Prologue

In Afghanistan, the economic downturn brought on by the political crisis that erupted in August 2021 resulted in rising food insecurity and severe poverty. According to preliminary official GDP data, the economy shrank by 20.7 percent in 2021. The abrupt end to aid caused a sharp decline in government spending and total demand, decreasing household earnings and consumption. Afghanistan's economic system is complicated on many levels. Aside from the internal economic unrest, COVID's lingering effects, the high energy costs brought on by the humanitarian crisis, the string of natural disasters that struck the nation, as well as the floods in the different provinces of Afghanistan that hindered the distribution of aid via land routes, have rendered any linear solution to the problem impractical. (Shekhawat 2022) The economy encountered significant difficulties before August 2021 due to the COVID-19 pandemic's effects, ongoing insecurity, and diminishing foreign help. Political unpredictability, a weak banking sector, an unfriendly investment environment, flimsy institutions, and insufficient physical infrastructure all placed restrictions on the private sector. ("Paralysed Banking System Pushing Afghanistan towards Collapse-Red Cross | Reuters" 2022) These elements combined have already had a major negative impact on the country's private sector operations and investor confidence. After August 2021, prices for essential household items kept rising as wages and the need for labor kept falling. In January 2022, annual inflation for necessities for the home reached 42%. ("U. N. Warns of 'colossal' Collapse of Afghan Banking System | Reuters" 2022) Foreign money has been in short supply frequently, and an increasing number of households and businesses cannot withdraw funds from bank deposits

even up to predetermined restrictions. Early 2022 imports decreased by 66 percent compared to early 2021 levels, consistent with a decline in domestic demand. In the final quarter of 2021, total revenue collection was only half of the four-year average for the same time. The distribution of revenues also changed dramatically, moving away from inland tax collections and toward border collections and non-tax revenues. (Arslan et al.2021)

The Conundrum of Afghanistan Banking System

The banking system in Afghanistan is still in disarray. Due to the freezing of foreign assets and its inability to produce fresh Afghan currency notes, the Central Bank, has lost its authority to oversee the payment networks and conduct monetary policy. ("About Us | Da Afghanistan Bank" 2022) The resulting lack of US dollars and Afghani and the sanctions brought on a crisis of confidence in the financial industry. Afghanistan relied on foreign direct investments (FDI), remittances from Afghans living abroad, and assistance from the international community, particularly the United States and its allies, to survive between 2001 and 2021. Thirty-four donors teamed up to provide \$10 million to the reconstruction of Afghanistan in 2002 when the Afghanistan Reconstruction Trust Fund (ARTF) was established. The country's deeply ingrained "networks of access" were not penetrated by these initiatives, despite their considerable success in improving healthcare, education, and other indicators. As a result, they were insufficient to increase internal competitiveness or the development of tradeable industries. The international community agreed to provide \$13 billion in aid to Afghanistan for basic amenities and maintaining the peace process from 2020 to 2024 at a ministerial session in Geneva in November 2020. (A. Khan 2016) The current study remarks that the following over all

Volume 11 Issue 12, December 2022

www.ijsr.net

Licensed Under Creative Commons Attribution CC BY

financial services provided by banking sector in Afghanistan:

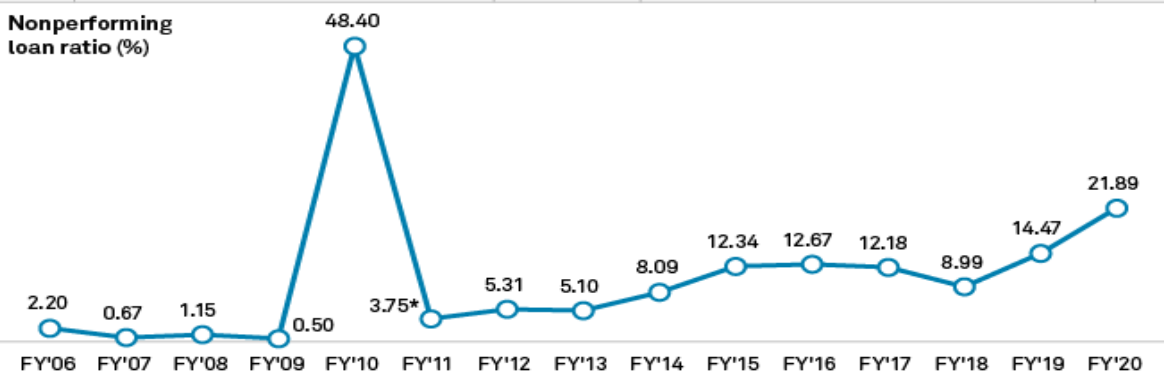
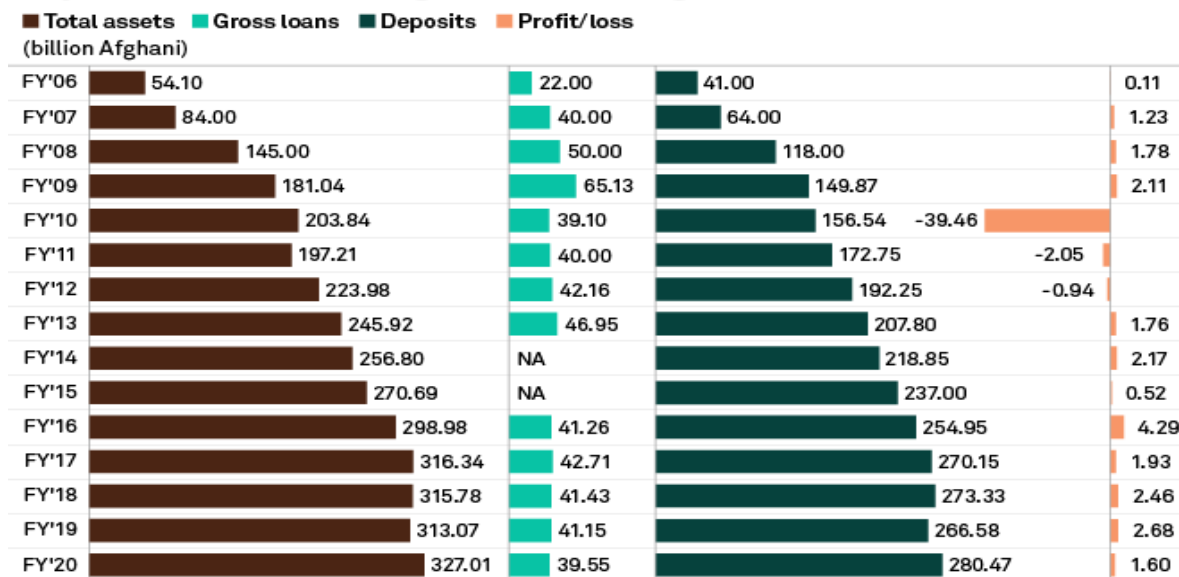
- Current Account
- Fixed
- Loan Facility
- Electricity Bill Payment
- Money Transfer Facility
- ATM Services
- Debit Card
- Credit Card
- Money Exchange Facility
- Saving Account
- Deposit Account
- Western Union Facility
- Internet and Mobile banking
- Letters of Credit
- SWIFT
- Islamic banking Services

The mobilization of domestic resources, initiatives to fight corruption, better governance, and the implementation of structural changes were to be included to this aid package. The debate over Afghanistan's economic system has

historically oscillated between "centralization and fragmentation of power." The state has never effectively controlled the entire country due to a strong sense of regional autonomy and a weak center. It has also become widely accepted that connections play a significant role in allowing success, or the Waste principle. This makes efforts to create a stable and equitable economy centred on capacity-building and promoting productive sectors impossible. Over 700, 000 private businesses operate in the nation, accounting for more than half of the GDP in 2018, even though almost 80% of the economy is informal. (WORLD BANK GROUP 2021)

Afghanistan's banking industry has expanded to include 12 commercial lenders, including three state-run and seven privately owned institutions. As of the end of 2020, the DAB reported that gross loans totalled 39.55 billion Afghanis, deposits totaled 280.47 billion Afghanis, and total assets in the banking sector were 327.01 billion Afghanis. State-owned banks possessed a 26.9% portion of the banking system's total assets, while private sector banks held 67.4% of it. (Shekhawat 2022) .

Key financial metrics of Afghanistan banking sector (2006-2020)



Data compiled Oct. 7, 2021.
 NA = not available
 * The aggregate ratio excludes a crisis-stricken bank.
 Afghanistan's fiscal year changed effective from 2012. Fiscal 2020 refers to the period from Dec. 22, 2019, to Dec. 20, 2020.
 Nonperforming loan ratio represents nonperforming loans as a percentage of gross loans.
 Source: Da Afghanistan Bank

Figure I: Source DAB, 2021

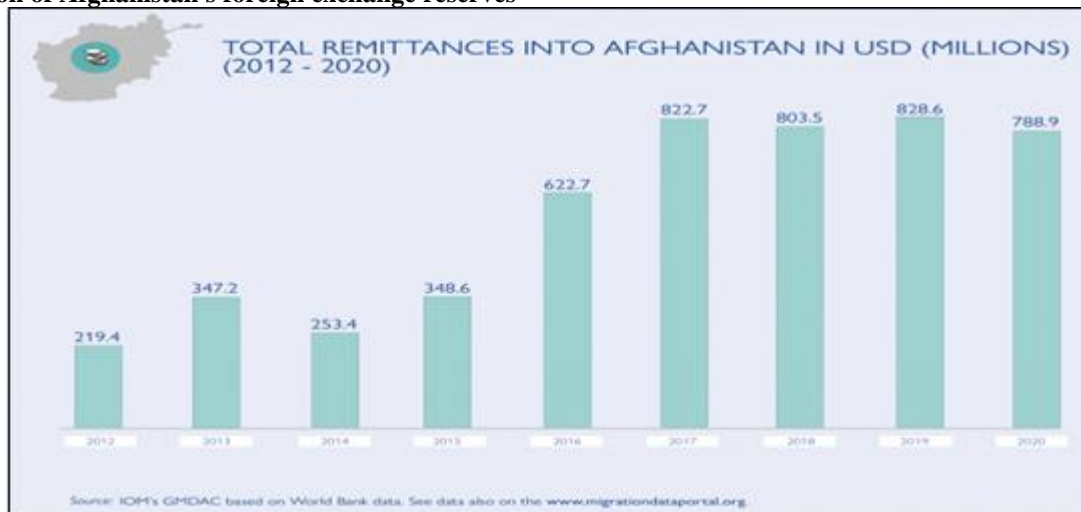
Due to the civil war, the difficulty in obtaining financing or land, and the pervasive corruption that characterized public life, the sector has always been plagued by uncertainty. An economic burnout resulted from the reduction in the number of troops from 2011–12 and the resulting decrease in aid and investment. Between 2011 and 2015, private sector investment also decreased by 24%. The economy's lack of diversification and the scarcity of well-paying jobs in the sector caused growth to concentrate in a few cities, where poverty is still endemic. (“Afghanistan-Finance | Britannica” 2022)

The World Bank reports that the ITA brought in AFN 100 billion in income throughout the year, but there are still several issues with transparency and the allocation procedure. Inflation has surged, with household goods

suffering a 30% increase in year-over-year inflation since August 2021. (“U. N. Warns of ‘colossal’ Collapse of Afghan Banking System | Reuters” 2022)

While there was a minor increase in the need for labour throughout the year, it was primarily seasonal, with different unemployment rates in each region. Businesses reduced the size of their workforce, reduced pay. They increased their reliance on cash (57%) and hawala transactions (31%), with the number of businesses depositing money in banks falling to just 12% from 82 percent before August 2021. Only a few industries, like agriculture, wholesale, and retail trade, demonstrated greater resilience. Due to its heavy reliance on donor and governmental funding, the construction and services industry encountered the most resistance.

The situation of Afghanistan's foreign exchange reserves



The International Monetary Fund (IMF) stopped providing the nation with credit, including Special Drawing Rights (SDRs), which may be turned into money in times of crisis and are worth hundreds of millions of dollars each. The Central Bank of Afghanistan can only access a small portion of its typical financing despite the return of banking in Afghanistan in late August. Because ATMs are out of cash and withdrawal restrictions have been placed in place, Afghan banks' coffers cannot be easily restocked. As a result, the cost of necessities is rising. Fears of food shortages, greater inflation, and a decline in the currency could all lead to a worsening of the humanitarian crisis across the nation. The international communities resumed off-budget assistance throughout the year helped mitigate some of the negative effects of the pervasive humanitarian crisis.

The off-budget assistance was substantially less than in the past, despite being meant to help the provision of essential services and humanitarian aid. Even while inflation is still high, some economic indicators are becoming better. For instance, the volatility of the currency rate has decreased, domestic tax collection is comparatively strong, and exports have increased. Businesses are gradually beginning to restore operations as they adapt to the new circumstances, albeit at significantly reduced capacity. The international community's continuous humanitarian assistance and off-

budget support for basic services are likely to lessen some of the contraction's harmful effects as the economy is currently readjusting from the "aid bubble." However, it won't be enough to put the economy back on a path of long-term recovery. The real GDP is anticipated to contract further in 2022 under the default scenario, which assumes that the government receives little foreign assistance for humanitarian efforts and fundamental core services, with a cumulative contraction of close to 30-35 percent between 2021 and 2022.

For the next two years, the economy is predicted to develop at a modest rate (2.0 to 2.4 percent), with no improvement in per capita incomes due to rapid population growth and no appreciable change in the outlook for poverty or food insecurity. Due to rising global commodity prices and supply issues, inflation is predicted to continue strong in the near future, significantly depreciating the actual worth of household incomes.

Cryptocurrency and Islamic Banking

Anything that is universally accepted as a form of exchange and as payment for debts is referred to as money. A means of trade, standard for deferred payment, measure of value, mobility, and unit of account are some characteristics of money. Nevertheless, legal experts and academics have divided money into two types: natural money and customary

money. Natural money is a sort of money that is intended to be used as a means of exchange and has monetary worth. In other words, it is valuable in and of itself. Gold and silver are examples of natural money, but customary money is a sort of money that gains the status of money due to tradition and public acceptance.

Islam views tangible goods with intrinsic value as money. However, throughout the prophet's lifetime, the following items were utilised as money: rice, dates, wheat, barley, salt, and gold (as the gold dinar and silver dinar, respectively). Although gold and silver were specifically stated in the *Quran (3: 14)*, other commodities were utilised instead due to their restricted supply. Imran Hosein, however, cites six (6) shared characteristics that sum up the definition of money in Islam (Barker, 2013). They are as follows: Money is either a precious metal or food, it is plentiful and unrestrictedly available, it has inherent value, it exists in creation and is given value by God, and it serves as a means of exchange. ("Islamic Bank of Afghanistan" 2022)

To determine whether cryptocurrencies best suit the definition of money in Islam, we will further compare these characteristics to those of cryptocurrencies.

First, either a precious metal or food is money. The commodities that were utilised as money throughout the time of the prophet, including gold, silver, dates, rice, wheat, and barley, best fit this criterion. Due to its finite quantity and other exchange-related factors, however, this feature was unable to endure throughout time, giving rise to fiat money and electronic money. Cryptocurrency does not appear to have this property, given the context in which this aspect of money was discussed.

Second, money should be plentiful and easily accessible. Cryptocurrencies, as opposed to fiat money, are available globally and without international restrictions in a variety of forms, including bitcoin, litecoin, Etheurem, and others. This is due to the fact that it is available because it is online in nature. Mostly, Bitcoin is widespread, accessible, and exchangeable everywhere in the world.

And finally, money is resilient and doesn't rot or corrode. The greatest option for this functionality is cryptocurrency due to its robust nature. Considering that it does not have a tangible existence like coins and banknotes, it cannot be harmed. Furthermore, its method of storage offers it an advantage over other currencies. Hardware wallets, desktop wallets, fiat wallets, mobile wallets, and web wallets can all store it. Therefore, every cryptocurrency is everlasting by nature.

Fourth, money is valuable in and of itself. By this criterion, cryptocurrencies typically fall under this criterion as well. When we talk about intrinsic value, we mean the real, basic value. Commodity money's intrinsic or natural value may be largely or fully attributable to the object's desirable properties, such as those of a medium of trade and a store of value. In addition, cryptocurrencies are more valuable intrinsically than fiat money because the latter's value is set by central planners or authorities. As a result, unlike the government or central planner who holds the same status as

gold, it is people who have contributed to the value of cryptocurrencies for one reason or another. (Dept 2021)

Fifth, Cryptocurrency typically satisfies the first requirement of this feature (i. e., that money exists in creation), which is also true of other types of money like Gold, Silver, dates, rice, wheat, and barley because each of these forms of money depends on human activity to determine its worth. The second group of attributes that God deemed valuable. This trait accepts its intrinsic value rather than value provided by and created by man as attainable with fiat money. Technically, cryptocurrency also possesses this attribute because its value is not determined by the government; rather, people decide how much they are willing to pay for it for themselves. (S. N. Khan 2022)

Last but not least, the fact that money is a medium of trade means that it may be used to exchange products and services. Because it is currently accepted and used for transactions, cryptocurrency fits the definition of money as it is used in Islam. For example, BTC is accepted by Dell and Microsoft for their products. BTC can be used to purchase airline tickets from companies like AirBaltic and Air Lithuania. Additionally, it is used to pay bills, book hotels, purchase homes, purchase gifts, etc. For instance, there are currently more than 150, 000 retailers accepting bitcoin worldwide, and this figure is rising each month (*CoinDesk Research, 2016*) Therefore, even when contrasted to fiat money, which satisfies two (2) to three (3) attributes, it is evident that cryptocurrencies fit into the five (5) qualities of money in Islam. Although fiat money is extensively used by both Muslim and non-Muslim countries, it can be logically inferred that cryptocurrencies are more Islamic in character. There are a few requirements that every person in charge of an Islamic bank or Islamic financial institution should consider. These requirements are as follows: (Siswantoro, Handika, and Mita 2020)

- 1) Interest rate restrictions. Interest on obligations must be prohibited, and it must not be offered to pay, receive, or promise to pay.
- 2) Making a false statement or impression (misdirecting). "Specialists shouldn't lead their exchange partners astray. Exchange partners are qualified to understand what they buy. Further exchange participants must be given the freedom to make their own decisions when given the chance. "
- 3) 3. Genuine substance Offering goods and services should be done through a real, authentic company rather than a virtual one.
- 4) Gambling is unlawful and prohibited by Islamic law (Shari'ah).
- 5) It is required that you donate a certain amount of money to a charity or to those in need.

Hence considering the above discussion, it is likely that:

- 1) Trading in Bitcoin is not subject to interest rates (no Riba), which is regarded as Islamic finance (halal), but since it does not physically touch money (mal), it is not permissible.
- 2) Because Bitcoin is a virtual currency and not a real currency, it is forbidden under Islamic law to be used in transactions, financial transfers, trade, or business (haram).

3) The majority of nations, with the exception of Germany and Japan, reject using Bitcoin as a means of payment because it is unreliable by any official body on Earth.

However, in the future, when it comes under central banks' control, it may be accepted (halal) in Islamic banks.

The survey claims that 63% of Islamic finance professionals predict that the level of acceptability of cryptocurrencies and other digital assets in Islamic financing would increase over the next five years, with 16% expecting a significant increase.

In the next three years, adoption of the Metaverse in the Islamic banking sector is expected to increase, according to 70% of respondents, up from 20% who anticipate a considerable increase in the next evolution of the digital customer experience in Islamic finance.

The global pandemic of 2020 has created opportunities for digital payments, a type of financial technology ('FinTech'). Lockdown restrictions across the world have led to a big surge in digital payments and online payment platforms globally. According to Mastercard's research in 2020, 64% of European consumers prefer to pay by tap-and-pay cards (Mastercard, 2020). ATM cash transaction withdrawals in the UK fell by 62% in late March 2020 when the lockdown restrictions were imposed. In Spain, cash withdrawals dropped by 90% (Thomas & Megaw, 2020). Countries such as Russia and the USA however have seen a brief surge in cash withdrawals due to fears of cash hoarding. Rise in the use of digital platforms will boost digital financial products and e-commerce. At the same time, however, the sharp rise in digital payments has excluded the vulnerable, especially those who are unbanked, the elderly and victims of domestic abuse. More importantly, many consumers are still wary of FinTech due to a trust gap. According to the Edelman Trust Barometer (2020), only 47% of the 33, 000 individuals trust digital payments and peer-to-peer companies. Forty-eight per cent trust blockchain and crypto companies, whereas 49% trust digital health and robo-advisory firms. The main obstacles to wider public trust in FinTech include data privacy; fear of the unknown and thus continued loyalty with incumbent banks; the fast pace with which the technology is moving; and the recent FinTech scandals such as Wirecard.

Financial technology, or "FinTech", encompasses a wide range of ever-evolving financial innovation in the digital financial services (DFS) environment (Scott, 2020). Examples of these include mobile payments, digital banks, insurance, cryptocurrency, blockchain, crowdfunding platforms and so on. The aim is to challenge the common and traditional methods used in the current DFS environment (Howat, 2020). However, looking at FinTech holistically, one will find that FinTech also involves the digitisation and datafication of the global financial markets (Arner, Barberis and Buckley, 2017). DFS has shaped how we perceive finance today, stemming from the financial crisis of 2007–2009, where we witnessed the power of technology and opportunities coinciding. FinTech may seem daunting to many due to the rise of new DFS such as digital currencies, digital banks and so on. However, the automatic teller machine (ATM), for example, was considered a form

of financial technology back in the day (Eshraghi, 2019). As daunting as it may seem, we as a society have been progressing towards a digital financial landscape for decades without even realising it. The fear presumably may derive from the fact that most financial technologies cannot be seen or felt like an ATM. As technological integration has become more complex and widespread, regulatory issues have increased making financial services one of the world's most regulated markets. In addition to that, as it targets new markets and provides new audiences with financial tools, FinTech frequently operates in spaces where regulatory guidance is limited. As a result of this, FinTech companies are frequently being held on a tight leash to be closely monitored and controlled by regulators (Mention, 2019). The FinTech industry has great potential to modernise the financial world; however, the main focus of its potential is exemplified through its capacity to close the gap in financial inclusion. (AFI, 2020d.). In addition to FinTech's growth towards its financial innovation contribution, it is also a contributor to the growth of financial inclusion in many parts of the world. Financial inclusion is a cornerstone for both poverty eradication and economic development opportunities, and access to DFS in the underserved environment is vital for a successful digital economy (The World Bank, 2018). FinTech surrounding DFS can contribute towards improving the design of transaction accounts and payment products and, with enhanced user interface and knowledge, make them widely accessible (Pazarbasioglu et al., 2020). Services can be more efficient, and barriers to entry into the market can be lowered. Still, in terms of operational and cyber resilience, consumer fund security, data protection and privacy, digital exclusion and market concentration, these potential benefits can also present threats. If these threats are not appropriately managed, they could undermine financial inclusion (The Bank for International Settlements, 2020).

Crypto Currency and Afghanistan Scenario

For crypto aficionados, nations with compromised economies are the most incredible places to examine the blockchain's ability to establish a utopia without banks. ("Is Bitcoin Halal?-Decentralizing Islamic Finance | CoinMarketCap" 2022) Despite the cultish grift that has come to characterize cryptocurrency in the US, a use-case like Afghanistan serves as a paragon of its original goal: decentralized global banking. But as the use of cryptography in Afghanistan grows, so do the worries about it. A severe liquidity crisis has resulted from Afghanistan's central bank's inability to access foreign exchange reserves since 2021. The maximum monthly withdrawal for Afghan men is 200, 000 Afghani, or roughly \$1, 200. ("Afghanistan's Crypto Lifeline" 2022) The unreliable local currency is typical in the humanitarian aid industry. In countries like Ukraine, Kenya, and Uganda, where local economies are equally weakened, crypto-curious NGOs have started experimenting with the technology. However, many groups are still reluctant to do so for fear of criticism from possible sponsors. ("Ukraine, Bitcoin, and the 'World's First Crypto War'-Decrypt" 2022)

NGOs typically work with stablecoins like Tether to get around that narrative (USDT). Stablecoins, while still considered cryptocurrencies, operate more like regular

digital currencies because they are anchored to the US dollar and are backed by cash or cash equivalent reserves. Since August, most currency exchanges in the nation have switched to USDT. (“Crypto and Islam: Muslims Debate Whether Bitcoin, Dogecoin Are Allowed-The Washington Post” 2022)

Cryptocurrency supporters claim that they are the way of the future and will make banks obsolete. And in Afghanistan, banks have shut down, forcing people to use cryptocurrencies for trading and survival. According to Google Trends data, web searches in Afghanistan for the terms "bitcoin" and "crypto" spiked in July, right before the takeover in Kabul, as Afghans waited in lines outside banks to try and withdraw money in vain. (Hazell 2021) Additionally, the Digital Citizen Fund started using cryptocurrency to send funds to Afghan families so they could aid them with shelter, food, and, in some circumstances, emigration. (*BBC News* 2022)

Afghanistan has significantly benefited from crypto. Everyone is discussing trading. When I boarded a flight to Kabul, I noticed that people were discussing Bitcoin and Dogecoin. The so-called "stablecoins," which are digital coins tethered to the US dollar and eliminate the volatility typically associated with cryptocurrencies, are gaining popularity in Afghanistan. The beneficiaries exchange the stablecoins at money exchanges for local currency. Dreams of monetary riches that could change your life frequently inspire cryptocurrency booms. Not many clients want to purchase Bitcoin. They prefer stablecoins, virtual currencies linked to a stable asset like the dollar and intended to hold their value. A major obstacle to buying cryptocurrencies in Afghanistan is the inability to transfer money directly from an Afghan bank account to an exchange like Binance. Sanctions also affect banking relationships with other nations. (Hakam 2022)

Crypto enthusiasts gush over the advantages of the virtual currency, which offers a near-real-time summary of peer-to-peer transactions around the globe without revealing the location or other personal information about the trader. For many, this kind of financial transaction record is revolutionary because it makes it possible to watch interactions between anonymous online users in a way that was never before possible.

The use of digital currency for transactions has swept the globe. Internet searches for bitcoin, Ethereum, and dogecoin has increased in Libya, Syria, Afghanistan, Venezuela, Zimbabwe, and Palestine. Even common interest in capital markets and other conventional kinds of investment is starting to fade in the face of this type of transaction's popularity. (Sigalos 2022)

For instance, A rising number of Lebanese citizens are choosing to save their money in cryptocurrencies to maintain control and prevent losing it to restrictions imposed by banks or the government. Despite severe hyperinflation, which peaked in Venezuela in 2019 at 10,000%, Venezuela has experienced an increase in the use of cryptocurrencies. Rich people in these countries have historically secured their wealth through the stock market and tangible assets like gold and real estate. Still, cryptocurrencies offer a more

accessible option for those with smaller investment amounts. Likewise, digital currencies are prospering in unstable regions where people are looking for alternatives to traditional banking, such as Palestine, Afghanistan, and Ukraine. Digital currencies have emerged to overcome obstacles like currency devaluation, sanctions, and other economic issues frequently present in unstable countries. For instance, According to Ukrainian officials, cryptocurrency worth millions of dollars has poured into the nation to help the Ukrainian army and other activist groups. A press release from the nation's deputy minister of digital transformation dated March stated that over the previous several weeks, crypto worth \$100 million had been transferred to support Ukrainians. (“FEATURE-Salaries to Remittances: Afghans Embrace Crypto amid Financial Chaos | Reuters” 2022)

Cryptocurrency has also evolved into a more effective method of moving money in Afghanistan, where the economy is in shambles, and most people don't have bank accounts. There, businesses like the non-profit Digital Citizen Fund, which teaches computer fundamentals to women and girls, even pay their employees in bitcoin. This organization and others are pushing for more aggressive crypto-use education so Afghans can access their money even while their native currency depreciates. (Dept 2021) The ability of states and quasi-entities to interact with one another is thought to be enhanced by emerging technology, making them more potent and significant players on the global stage. In this situation, emerging technologies enable some actors to exert influence over others in cases where there are always winners and losers in zero-sum battles. (Harsono 2020).

2. Epilogue

Decentralized exchange platform use, nevertheless, also raises the risk of financial crime in conflict areas, which are already routinely implicated in the financing of terrorism, corruption, and the trafficking of armaments. Regular users and criminal users alike favor digital currency for entirely private transactions. The owner and source of the money are concealed in these transactions; associates or middleman dealers purchase and hold cryptocurrency on behalf of a user in perilous circumstances. The digital age is reshaping the modern operational environment in inescapable ways. From enabling competitive advantages through global market manipulation to sanction evasion, cryptocurrencies will be a component of this reshaping. Decisive kinetic engagements have given way to calculated cyberattacks, and digital currencies are an increasingly integral part of modern war. It is necessary for policymakers to recognize this evolving dynamic—but it is equally important for military professionals to understand.

References

- [1] “About Us | Da Afghanistan Bank. ” 2022. Accessed December 18. <https://www.dab.gov.af/about-us>.
- [2] “Afghanistan-Finance | Britannica. ” 2022. Accessed December 18. <https://www.britannica.com/place/Afghanistan/Finance>.
- [3] “Afghanistan’s Crypto Lifeline. ” 2022. Accessed December 18. <https://nymag>.

- com/intelligencer/2022/09/afghanistans-crypto-lifeline.html.
- [4] Arslan, Erdal, Ali Bora, Abdul Hasib Amanat, Anahtar Kelimeler, Afganistan, İslami Bankası, Geleneksel Banka, et al.2021. "Comparative Analysis of Conventional and Islamic Banking: The Case of Bakhtar Bank Transforming into Islamic Bank of Afghanistan Geleneksel ve İslami Bankacılığın Karşılaştırmalı Analizi: Bakhtar Bank'ın Islamic Bank of Afghanistan'a (Afganistan İslam Bankası'na) Dönüşmesi Örneği," January.
- [5] *BBC News*.2022. "Afghans Turn to Cryptocurrencies amid US Sanctions," March 16, sec. Asia. <https://www.bbc.com/news/world-asia-60715707>.
- [6] "Crypto and Islam: Muslims Debate Whether Bitcoin, Dogecoin Are Allowed-The Washington Post." 2022. Accessed December 18. <https://www.washingtonpost.com/technology/2022/03/08/bitcoin-crypto-islam-haram/>.
- [7] Dept, International Monetary Fund Middle East and Central Asia.2021. "Islamic Republic of Afghanistan: First Review Under the Under the Extended Credit Facility Arrangement and Request for Modification of Performance Criteria-Press Release; Staff Report; and Statement by the Executive Director for Islamic Republic of Afghanistan." *IMF Staff Country Reports* 2021 (138). International Monetary Fund. doi: 10.5089/9781513587202.002. A001.
- [8] "FEATURE-Salaries to Remittances: Afghans Embrace Crypto amid Financial Chaos | Reuters." 2022. Accessed December 18. <https://www.reuters.com/article/crypto-currency-afghanistan-idUSL8N2QU39A>.
- [9] Hakam, Al.2022. "Cryptocurrency and Islam." February 4. <https://www.alhakam.org/cryptocurrency-and-islam/>.
- [10] Harsono, Hugh.2020. "Crypto at War: How Digital Currencies Will Shape the Future of Conflict." *Modern War Institute*. August 21. <https://mwi.usma.edu/crypto-at-war-how-digital-currencies-will-shape-the-future-of-conflict/>.
- [11] Hazell, Jason.2021. "Cryptocurrency: Is It Halal or Haram to Invest In?" *Crescent Wealth Super*. June 24. <https://crescentwealth.com.au/islamic-finance/cryptocurrency-is-it-halal-or-haram-to-invest-in/>.
- [12] "Is Bitcoin Halal?-Decentralizing Islamic Finance | CoinMarketCap." 2022. *CoinMarketCap Alexandria*. Accessed December 18. <https://coinmarketcap.com/alexandria/article/is-bitcoin-halal-decentralizing-islamic-finance>.
- [13] "Islamic Bank of Afghanistan." 2022. Accessed December 18. <https://www.ibafg.com/home>.
- [14] Khan, A.2016. "Developing Service Design for Afghanistan's Banking Connectivity." In. <https://www.semanticscholar.org/paper/Developing-Service-Design-for-Afghanistan%E2%80%99s-Banking-Khan/38f678641e3c88218ca3989df01d702b68d71c5c>.
- [15] Khan, Saleh Nawaz.2022. "The Legality of Cryptocurrency from an Islamic Perspective: A Research Note." *Journal of Islamic Accounting and Business Research* ahead-of-print (ahead-of-print). doi: 10.1108/JIABR-02-2022-0041.
- [16] "Paralysed Banking System Pushing Afghanistan towards Collapse-Red Cross | Reuters." 2022. Accessed December 18. <https://www.reuters.com/markets/europe/paralysed-banking-system-pushing-afghanistan-towards-collapse-red-cross-2022-02-25/>.
- [17] Shekhawat, Shivam.2022. "The Banking Crisis in Afghanistan." *ORF*. Accessed December 18. <https://www.orfonline.org/expert-speak/the-banking-crisis-in-afghanistan/>.
- [18] Sigalos, MacKenzie.2022. "Inside Afghanistan's Cryptocurrency Underground as the Country Plunges into Turmoil." *CNBC*. Accessed December 18. <https://www.cnbccom/2021/08/21/bitcoin-afghanistan-cryptocurrency-taliban-capital-flight.html>.
- [19] Siswanto, Dodik, Rangga Handika, and Aria Farah Mita.2020. "The Requirements of Cryptocurrency for Money, an Islamic View." *Heliyon* 6 (1): e03235. doi: 10.1016/j.heliyon.2020. e03235.
- [20] "Ukraine, Bitcoin, and the 'World's First Crypto War'-Decrypt." 2022. Accessed December 18. <https://decrypt.co/93898/ukraine-bitcoin-war>.
- [21] "U. N. Warns of 'colossal' Collapse of Afghan Banking System | Reuters." 2022. Accessed December 18. <https://www.reuters.com/business/finance/exclusive-un-warns-colossal-collapse-afghan-banking-system-2021-11-22/>.
- [22] WORLD BANK GROUP.2021. "AFGHANISTAN DEVELOPMENT UPDATE." Afghanistan: WORLD BANK GROUP.