

SHARI'AH POSITION ON BANK INTEREST: CONSENSUS FATWAS

Fatwas by the Egyptian Office of the Mufti - 1900- 1989

1. Subject: Prohibition of bank interest.

Question:

Is the use of Bank money permissible (*Halal*) or prohibited (*Haram*) ? Is what is taken of it for trade considered *Riba* or not (i.e are business loans taken from a bank at a fixed rate of interest considered to be *Riba*)?

Fatwa:

To take business loans from a bank at a fixed rate of interest, as is the custom now, is *Riba* which is altogether forbidden. Allah, the Almighty knows best.

Source:

Fatwas by the Egyptian Office of the Mufti, Supreme Council for Islamic Affairs; opinion given by Sheikh Bakri Al Sadafi, Egyptian Mufti, 27 Muharram 1325 A.H./1907 A.D.

2. Subject: Prohibition of investing deposited money for a fixed interest.

Question:

A person asks about the Shari'ah ruling on depositing the legacy of his deceased son's two daughters in a bank for interest.

Fatwa:

Islamic law does not permit the investment of money in a bank at a fixed rate of interest because an investment such as this constitutes *Riba* which is prohibited by the *Shari'ah*.

Source:

Fatwa by Sheikh Abdel Majeed Saleem, Mufti of Egypt, 1348 A.H./ 1930 A.D

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3. Subject: Interest of bonds- is a prohibited *Riba*.

Question:

If one inherits from his father Cotton Loan Bonds on which the government pays interest, is the interest accrued considered a prohibited *Riba* ?

Fatwa:

This interest is a type of *Riba* prohibited by Allah the Almighty in His Holy Book.

Source:

Fatwa by Sheikh Abdel Majeed Saleem, Mufti of Egypt, 1362 A.H.11943 A.D.

4. Subject: Taking interest for money deposited in banks is prohibited; it may not be given as alms

Question:

Is it permitted to take interest for money deposited in banks and give it as alms to the poor ?

Fatwa:

Taking interest for' money deposited in banks constitutes *Riba* and is prohibited. Giving this interest as alms is unacceptable to Allah, the Almighty. He who does so has committed a sin.

Source:

Fatwa by Sheikh Abdel Majeed Saleem, Mufti of Egypt, 1362 A.H.I 1943 A.D.

5. Subject: Practicing work that involves *Riba* is helping to do something prohibited.

Question:

A question was raised about a person who works as a clerk in the Agricultural Credit Bank. Is this allowed, given that he needs this work for his livelihood and that all banking work is based on interest? Is blame attached to him on this account?

Fatwa:

Undertaking work that is linked to *Riba*, clerical or otherwise, is helping to do something illegal. This is prohibited by Shari'ah.

Source:

Fatwa by Sheikh Abdel Majeed Saleem, Mufti of Egypt, 1363 A.H. 1944 A.D.

6. Subject: Investing money by depositing it in a bank in return for interest is not permitted. There are many Islamically sanctioned ways to invest money which are acceptable to Allah.

Question:

A question was raised about depositing money, particularly that which belongs to orphans, in banks for interest.

Fatwa:

Investing money in banks is *Riba* forbidden by Shari'ah; investing orphans' money in banks is also *Riba*. There are many Islamically sanctioned ways acceptable to Allah to invest money, such as placing it with reputable investors to be used for legal, limited investment until such a time the money is needed for the purpose it was saved.

Source:

Fatwa by Sheikh Abdel Majeed Saleem, Mufti of Egypt, 1364 A.H. / 1945 A.D.

7. Subject: Development Bonds and Treasury Bonds of fixed returns are considered forbidden *Riba* instruments.

Question:

The Department of Organization and Job Classification of Bank Misr, in its letter dated 7 February, 1979, registered under No. 59/79, stated that many Egyptian expatriates in Arab countries requested that the bank's management issue investment certificates to which they would subscribe on condition that the money would not be used for loans or in unspecified usurious work, to ensure it is Islamic from the source, with no doubt concerning the returns coming from the investment. At present the bank is preparing a project that permits the investment of this money in operations, free from any usurious elements, such as the following:

- (a) The allocation of a part of what the bank owns of the shares of companies, which do not receive any fixed rate of profit. These companies are involved in trade and industry and are not engaged in the loans and credit business.
- (b) The purchase on the stock market of shares of solvent companies that are involved in commercial and industrial operations only.
- (c) Equity participation in new companies established by the bank, dealing in commerce and industry away from any financial operation.

Complementary to these projects which the bank intends to set up, the bank management considered asking the opinion of the Office of the Mufti as to the possibility of buying the following kinds of instruments to add them to others already purchased for the same purpose:

1. Treasury Bonds with a fixed rate of interest issued by the state and subscribed to by banks.
2. Development Bonds with a fixed rate of interest issued by the state and heavily subscribed to by banks. It is understood that the state, possessing sovereignty, has the right to exact a toll in return for the utilities services financed by these bonds. Government revenue from such levies exceeds the rates given to the holders of these bonds or certificates and the government is not liable to incur a loss out of them. The, purchase of these bonds or certificates may not, therefore, be considered *Haram* or *Riba*.

Fatwa:

It is clearly the desire of these Egyptian investors to avoid any usurious financial transaction. In order to help fulfil this desire, the bank becomes an agent operating in private in return for certain conditions. The bank wishes to have a legal opinion concerning the utilization of these investors' money for the purchase of Treasury Certificates and Development Bonds with a fixed rate of interest, which are issued by the state and subscribed to by banks. The Treasury Certificates and Development Bonds issued by the state with a fixed rate of interest are of the nature of loans for interest, and Islamic law prohibits loans with a fixed rate of interest, regardless of who the loan-giver or borrower may be. *Riba* is forbidden by the Book, the Sunnah and the consensus of Muslim jurists. The aim of the investors for lawful gain which is acceptable to Allah demands that their money be invested accordingly; not in these development bonds, but in nonusurious projects as shown in the letter of the bank. As an agent for these people, it is necessary that the bank abides by their terms.

Source:

Islamic *Fatwas*, The Office of the Mufti, Volume 9, Fatwa No. 1248, Page 3311, February, 1979 A.D. The Supreme Council for Islamic Affairs, Al Awkaf Ministry, Cairo, Sheikh Jadul Haq Ali Jadul Haq, Mufti of the Arab Republic of Egypt.

8. Subject: Interest on Investment Certificates and on saving accounts is a prohibited *Riba*, not a reward or a promise of a prize.**Question:**

Is the return of Investment Certificates permissible or prohibited according to *Shari'ah* ? Is the return a prohibited *Riba*, or is it a reward in return for offering money to the state to develop projects beneficial to the nation?

Fatwa:

Islam forbids *Riba* in its two forms of increment and delay of payment. This prohibition is unconditional in accordance with the Qur'an, the Sunnah and the Consensus of Muslim jurists. As Investment Certificates are loans for interest, and as it is stipulated by the *Shari'ah* in the Qur'an and Sunnah that predetermined interest is a prohibited incremental *Riba*, a Muslim has no right to benefit from it. The argument that such interest constitutes a reward is unacceptable for certificates

having a predefined return at a fixed rate of interest. However, some jurists allow for prizes with no interest which may be considered as a promise to give a prize. Allah, the Almighty knows best.

Source:

Islamic Fatwas, Volume 9, No. 1252, Page 3335, December, 1979 A.D., Sheikh Jadul Haq All Jadul Haq, Mufti of the Arab Republic of Egypt.

9. Subject: Prizes won by the owners of Investment Certificates of Category C are considered to be a promise for a prize.

Question:

First: Are prizes obtained by Owners of Investment Certificates of category C permissible or not? Second: The questioner has a savings account in the Alexandria Bank in the name of his children. He has relinquished the interest on this account as it is a prohibited *Riba*. Nevertheless, the bank makes a regular monthly draw for prizes ... What is the Shari'ah position regarding these prizes?

Fatwa:

The prizes won by the owners of Investment Certificates of category C and of the savings accounts are considered to be a promise for a prize, which has been considered, permissible by some jurists. However, interest which is predefined for some kinds of Investment Certificates and for amounts saved as per savings accounts at a fixed rate of interest is forbidden as it is incremental *Riba* proscribed by Shari'ah. As a result, the questioner is allowed to accept the prize for the Investment Certificates of category C or for savings, but not interest.

Source:

Islamic Fatwas, Volume 9, page 3337, January, 1980 A.D., Sheikh Jadul_ Haq Ali, Jadul Haq,: Mufti of the Arab Republic of Egypt.

10. Subject: Depositing money in banks in return for interest is a prohibited *Riba*, whether or not the banks belong to the government.

Question:

Banks in Egypt give a yearly interest of 7.5%, 8.5%, or 13%. Some *Ulema* (scholars) have given the opinion that such interest is permissible as the transaction is not with individuals but with banks that belong to the state. What is the ruling concerning this interest?

Fatwa:

Allah, the Exalted, said in Sura Al Baqara (The Cow), Verses 275 and 276: "Those who take usury shall rise up before Allah like men whom Satan has demented by his touch; for they claim that usury is like trading. But Allah has permitted trading and forbidden usury. He that receives an admonition from his Lord and mends his ways may keep what he has already earned; his fate is in the hands of Allah. But he that pays no heed shall be among the people of the Fire and shall remain in it forever. Allah has laid His curse on usury and blessed almsgiving with increase. He bears no love for the ungrateful sinner".

The Prophet, peace be upon him, said:

"Gold for gold; hand by hand, any extra is considered Riba".

From these passages, and others, it is clear that *Riba* is prohibited, whether it is *Riba* on delayed payment or as an increment. Depositing money in banks in return for interest has been described by law as a loan for interest. This interest is incremental *Riba* which is prohibited by *Shari`ah*. It is evil money from which a Muslim is not allowed to benefit. He must get rid of it by giving it as alms. Saying that this transaction is not among individuals but with banks that belong to the government makes no difference as, legally, these dealings are loans for interest. Nothing in the law distinguishes between *Riba* among individuals and *Riba* between individuals and the government. The earnings of Muslims must be legal, acceptable to Allah, and above suspicion. Allah, the Almighty knows best.

Source: Islamic Fatwas, Volume 9, Page 3341, October, 1980 A.D., Sheikh Jadul Haq Ali Jadul Haq, Mufti of the Arab Republic of Egypt

11. Subject: Borrowing for interest from government institutions or from banks is prohibited because it is *Riba*.

Question:

The government has allocated 250 million pounds for housing and building loans at 3% interest, with a grace period of three years and repayment period of 30 years. A man asks whether it is possible for him to borrow some of this money to build a house on a lot he owns to benefit another Muslim who has no apartment, if he pays back this money under the conditions and guarantees stipulated by the state.

Fatwa:

The Almighty God says in the Sura of Al Imran, Verse 130: " O believers, devour not usury, doubling its rate many times."

His Messenger, peace be upon him, as related by Abu Said, said: God's Messenger, peace be upon him, says:

"Gold for gold, silver for silver; wheat for wheat, barley for barley, dates for dates, salt for salt, measure for measure, hand by hand. He who increases it, or demands an increase, is a usurer, both he who takes and he who gives are on the same level." The above was related by Ahmad. and Al Bukhari.

Muslims unanimously reject *Riba* in its two forms, delayed payment and incremental, it is legally forbidden as per the text of the Qur'an, Sunnah and Consensus of jurists. As borrowing from state-owned institutions, and receiving loans from banks, at a fixed rate of interest, such as 3%, is considered to be taking loans for interest, it is, therefore, forbidden. A fixed rate of interest is incremental *Riba* which is proscribed by *Shari'ah*.

Thus, borrowing for interest fixed at 3%, as referred to in the above question, is forbidden. As the questioner apparently wishes to borrow money at interest to build for the sake of renting or selling the property, rather than out of personal need, this would be an unnecessary involvement in *Riba*. The profit obtained from such a venture would constitute usury which is forbidden for Muslims who

are commanded to seek lawful profits and to avoid all doubtful transactions in accordance with the saying of the Messenger of Allah: "Avoid anything that is suspicious and do that which is not." From what has been stated, the answer to the question is clear. Allah, the Almighty knows best.

Source:

Islamic Fatwas, Volume 10, No. 1301, Page 3561, Rabi' Thani, 1400 A.H. (February, 1980 A.D.), Sheikh Jadul Haq Ali Jadul Haq, Mufti of the Arab Republic of Egypt.

12. Subject: Benefiting from bank interest is prohibited by *Shari'ah*. It must be given away as charity.

Question:

A lady possessed a sum of money which she put in a bank for interest. She received the interest which is now in her possession. She wishes to know what to do with it, as she has discovered that it is considered to be *Riba*

Fatwa:

Allah, the Almighty, says in His Holy Book:

"Those who take usury shall rise up before Allah like men whom Satan has demented by his touch; for they claim that usury is like trading. But Allah has permitted trading and forbidden usury. He that receives an admonition from his Lord and mends his ways may keep what he has already earned; his fate is in the hands of Allah. But he that pays no heed shall be among the people of the Fire and shall remain in it forever. Allah has laid His curse on usury and blessed almsgiving with increase. He bears no love for the ungrateful sinner". (Sura Al Baqara, Verses 275 and 276.)

It is related by Abu Said that Allah's Messenger, peace be upon him, said:

"Gold for Gold, silver for silver, wheat for wheat, barley for barley, dates for dates, salt for salt, measure for measure, hand by hand;

he who increases it or demands an increase, is a usurer, both he who takes and he who gives are on the same level." (Reported by Ahmad and Al Bukhari).

From this, it appears that usury in its two forms (delayed payment or incremental) is legally forbidden according to the Qur'an, Sunnah and the consensus of all Muslims. Therefore, it is not permissible for the lady, who put the question, to benefit from this interest, as it is incremental Riba, forbidden by Shari'ah. The way to get rid of such forbidden gain is to give it away as charity to the poor, or to dispose of it in any other philanthropical manner. All Muslims, men and women, must seek permissible gain and avoid everything that is suspected of being forbidden, in obedience to the saying of Allah's Messenger, Peace be upon him: "Avoid anything that is suspicious and do that which is not.

Source: Islamic Fatwas, Volume 10, No. 1303, page 3565, Ramadan, August 1980 A.D., Sheikh Jadul Haq Ali Jadul Haq, Mufti of the Arab Republic of Egypt.

13. Subject: Depositing money in return for a fixed rate of interest is prohibited by Shari'ah; investing money for actual profits arising out of investment operations is acceptable by Shari'ah.

Question: The Shari'ah ruling is sought as to the following:

- (a) Interest in general, given at fixed rates for amounts deposited with banks.
- (b) Depositing money in banks without taking any interest.
- (c) Information is requested on the Islamic Faisal Bank and the Social Nasser Bank. Is interest from the Nasser Bank prohibited or permitted by *Shari'ah* ?

Fatwa:

Islam has prohibited *Riba* in its two forms: incremental *Riba*, which is borrowing a definite amount of money from someone at a fixed rate of interest, and delayed payment *Riba*, i.e. increasing the interest, or estimating it in relation to the period of time or delay in the payment of a loan. This prohibition is absolute, according to the Holy Qur'an, Sunnah, and consensus of all Muslim scholars. Allah, the Almighty, said:

"Those who take usury shall rise up before Allah like men whom Satan has demented by his touch; for they claim that usury is like trading. But Allah has permitted trading and forbidden usury. He that receives an admonition from his Lord and mends his ways may keep what he has already earned; his fate is in the hands of Allah. But he that pays no heed shall be among the people of the Fire and shall remain in it forever. Allah has laid His curse on usury and blessed almsgiving with increase. He bears no love for the ungrateful sinner." (Sura Al Baqara, Verses 275 and 276.)

Allah's Messenger, peace be upon him, said: "*Gold for gold, hand by hand; any excess is usury.*" According to these passages, as well as others, usury, (i.e. incremental or delayed payment) is forbidden. Fixed interest on amounts deposited in banks, or in the Post Department Saving Accounts is described by law as a loan for interest. It is, therefore, incremental *Riba* which is prohibited by Islam. However, depositing cash in banks without interest, in order to preserve it, is allowed, as currency, in itself, is interchangeable, and mixing it with usurious money does not make depositing money forbidden.

The investment system, applied in the Islamic Faisal Bank and in the Social Nasser Bank, is not based on the fixed interest rate system. These banks distribute the profits of their legal investment operations in unfixed amounts on the basis of the profits realized by the project. This is legal in Islam as it corresponds to that which is allowed by Muslim jurists regarding *Mudharaba* contracts, and profit/loss sharing partnerships. Muslims must invest their money in legal ways which are not involved with what is prohibited, as Allah, the Almighty, as recorded in the Hadith, will ask every person about his money - how he got it and how he spent it. This ruling is given on the condition that these banks pay the *Zakah* due on their investments and transactions.

Source:

Islamic Fatwas, Volume 9, No. 1258, Page 3347, January, 1981 A.D., Sheikh Jadul Haq Ali Jadul Haq, Mufti of the Arab Republic of Egypt.

Fatwas by the Council of Islamic Studies, Al Azhar - Cairo, (Second Conference, Muharram, 1385 A.H.1 May, 1965)

Concerning bank operations, the conference passed the following decisions:

1. Interest on all kinds of loans is prohibited *Riba*. There is no difference between loans for consumption or what is described as a productive loan as the texts in the Book and *Sunnah* are definite in outlawing both kinds.
2. Large or small amounts of *Riba* are both unlawful as is well understood by Allah's saying: "O believers, devour not usury, doubling its rate many times. Have fear of Allah, and you shall prosper."
3. Lending for *Riba* is prohibited; it is not justified by any need or necessity. Usurious borrowing is also prohibited. This sin is forgiven only if committed by necessity. Every person is given the discretion to judge this necessity, according to his belief.
4. Bank operations (current accounts, payment of cheques, letters of credit, bills which are handled internally by merchants and banks) are legal banking operations. Any money *taken in return for these operations* is *not Riba*.
5. Fixed term deposits, interest-based credits and all kinds of loans in return for interest are usurious operations ... They are forbidden.
6. Consideration of bank operations concerning external bills has been postponed for further study.
7. As the banking system has a clear effect on modern economic activity... and as Islam is keen on preserving useful innovations, -while avoiding their burdens and sins, the Council of Islamic Studies will study an Islamic alternative for the present banking system. The Council calls upon Muslim *Ulema, investors, and those concerned with the economy* to submit their suggestions in this field.

Fatwas by the Council of Islamic Fiqh Academy - Organization of the Islamic Conference

In the name of Allah, the Compassionate, the Merciful. Praise be to Allah, Lord of the worlds, and blessings and peace be upon our Prophet, the last of the prophets, and on his relatives and companions.

Resolution concerning bank interest and dealing with Islamic banks.

The Council of Islamic Fiqh Academy, formed by the O.I.C., held its second conference in Jeddah from 10 to 16 Rabi' Thani, 1406 A.H./ 22 - 28 December, 1985 A.D.

Having reviewed various studies concerning modern banking methods, and after seriously investigating and discussing what was submitted in order to stress the negative impact these methods have on the stability of the world economic system, especially the stability of third world states, and after contemplating the damage this system has caused as a result of failing to apply what is clearly stated in Allah's Book as to the absolute prohibition of usury, and in calling for repentance from this, and for its limitation to the retrieval of both large and small loans, and after contemplating what is mentioned as a threat of a total war by Allah and His Prophet on usurers, this conference has resolved that:

First: All increments (or interest) in return for the postponement of paying a debt on its due date even though the borrower is unable to repay it on time, and all increments (or interest) on the loan from the date it was first made, are considered legally prohibited.

Second: The alternative, which guarantees financial liquidity and helps economic activity in a form that is acceptable to Islam, is to transact according to Islamic law, particularly after what has been published by concerned organizations on the various aspects of operations which are actually implemented by Islamic banks.

Third: The Council has decided to call upon Islamic governments to encourage the existing Islamic banks, enabling their establishment in all Islamic countries to answer the needs of Muslims, so that a Muslim does not have to live in a state of contradiction between actual conditions and the tenets of his creed. Allah, the Almighty knows best.

Fatwas by the Council of Islamic Fiqh - Muslim World League.

Decision by the Council of Islamic World League - concerning the proliferation of usurious banks and people dealing with them, and the legal opinion on taking usurious interest.

Praise be to Allah, and prayers and peace on our Prophet Mohammad, peace be upon him, the last of the prophets, and on his Family and Companions.

The Board of the Council of Islamic Fiqh, in its ninth session, held in the premises of the Muslim World League in Holy Makkah, from Saturday, 12 Rajab 1406 A.H. to Saturday 19 Rajab 1406 A.H. investigated "the proliferation of usurious banks, and people's dealings with them, in the absence of alternatives," a subject that was referred to the Board by H.E. Secretary General, the Vice President of the Board:

The Board listened to the views expressed by members about this grave situation in which unlawfulness is spreading. This form of unlawfulness is condemned by the Book, the *Sunnah* and the consensus of Muslims. All Muslims agree that usury is a great sin, one of the seven major sins. The Holy Qur'an threatens usurers with war from Allah and His Prophet. Allah said: " O believers, have fear of Allah and waive what is still due to you from usury, if your faith be true; or war shall be declared against you by Allah and His Apostle. If you repent, you may retain your principal, wronging none (with an increase) without being wronged(by suffering a loss)." Al Baqara (The Cow), Verses 278 and 279.

It has been verified that the Prophet, Allah's blessings and peace be upon him, condemned those who take, give, write about, and witness usury, and said : "They are all the same." This tradition is related by Muslim.

Ibn Abbas also related after Allah's Apostle, peace be upon him, that when adultery and usury appear in a village, then its people have brought upon themselves punishment by Allah, the Almighty. Ibn Massoud also related something similar. Modern economic research has confirmed that usury is a threat to the world's economy and politics, as well as its ethics and security. It is the cause of many of the crises from which the world suffers. The only escape is to eliminate the malignant disease of usury from the world, which is exactly what Islam did fourteen hundred years-ago.

Thanks to Allah, Muslims have begun to regain their self-confidence, and sense of identity –as a result of a renewed understanding of their - religion. Thoughts-that represented a period of psychological defeat in the; face of western civilization and its capitalistic system have retreated, even, though at one time weaklings within the Muslim World wanted to force clear and verified texts to justify what had been prohibited by Allah and His Prophet. Now economic conferences and seminars held in more than one Islamic country, and outside -the Islamic World as well, are deciding unanimously that usurious interest is forbidden, and are demonstrating to the public the possibility of establishing legal alternatives to banks and institutions that are based on usury. After that came the establishment of Islamic banks with no usury, or unlawful transactions. These banks started small but grew large within a short time. They were few in number, but increased and multiplied quickly so that, today, there are more than ninety such banks in the Islamic World.

The establishment. of these Islamic banks belied the claim of secularists and victims of cultural imperialism who claimed that applying Islamic law in the field of economics is impossible, as there can be no economy without banks, and, no banks without interest.

Certain Islamic countries, such as Pakistan, had the fortune, through Allah's guidance to transform national banks into Islamic banks that neither give nor take usury. Foreign banks were also asked to change their system to conform to the policy of the state; otherwise, there would be no place for them. That is a sound policy which deserves to be rewarded. In consequence, the Board has decided the following:

First: All Muslims must cease to be involved with all that Allah has prohibited (giving or taking usury or assisting in any type of usurious transaction) in order to avoid Allah's punishment and the war of Allah and His Prophet on them.

Second: The Board approves the establishment of Islamic banks which are a lawful alternative to usurious banks. Islamic banks are those which insist on abiding by the Islamic *Shari'ah* (law) in all of their transactions, and demand a binding legal control from their management. The Board calls upon Muslims everywhere to support these banks, to help them, and not to listen to prejudiced rumors about them which attempt to sow seeds of confusion. The Board believes that the establishment of these banks must spread to all Islamic countries and to wherever groups of Muslims are found outside the Islamic World in order to build up a strong network of Islamic banks to prepare for a fully Islamic economy.

Third: A Muslim who has the opportunity to deal with an Islamic bank is forbidden from any dealing with usurious banks, as he has no excuse to deal with them when an Islamic alternative is available. He must substitute the benign for the malignant; he must take only what is lawful, and discard what is unlawful.

Fourth: The Board calls upon those responsible in Islamic countries and those managing usurious banks to make a serious attempt to cleanse them from the impurity of *Riba*, in response to Allah's saying: "Waive what is still due to you from usury, if your faith be true." Sura Al-Baqara (The Cow), Verse 278. By so doing, they will contribute to the liberation of their societies from the imperialistic effects on the law and the economy.

Fifth: Everything that comes from usurious interest is forbidden by law. No Muslim may benefit from it for any of his needs or for those of anyone whom he supports. Such interest must be spent for the general good of all Muslims, (such as for schools, hospitals, etc.) and doing so is not charity, but, rather, is cleansing oneself from unlawfulness and impurities. Such interest must not, on any account, be left to usurious banks, because it will strengthen them and help to spread sins elsewhere as this money is usually spent on Christian and Jewish institutions. In this way, Muslim money becomes a weapon to fight Muslims and to lead their children away from their creed. It should be known that investing any money with these usurious banks, whether interest is paid or not, is forbidden.

The Board, furthermore, calls upon Islamic banks to employ good Muslims and teach them the Islamic *Shari'ah* and its tenets and morals so that their conduct may be in conformity with these principles. Allah is our Guide to the truth. Allah's blessings be upon the Prophet Mohammad and on his Family. and Companions; praise be to Allah, the Lord of the universe.

Fatwas by the General Presidency's Department of Ifta' (opinion giving on Shari'ah matters) in Saudi Arabia.

Question:

A man knows someone who sells cars in the United States for installments with a fixed rate of interest on deferred payments which increases on the delay of payment. Is this transaction permissible or not ?

Answer:

If the one who sells the car or other merchandise over a fixed period of time, for a price that is to be paid on a fixed future date, or dates, and does not increase the value of the deferred amount; then there is nothing wrong in that. The transaction is legal, as Allah says: " O believers, when you contract a debt for a fixed period, put it in writing." Sura Al-Baqara (The Cow), Verse 282. And it is known. that Allah's Messenger, may Allah's blessings and peace be upon him, did buy some things with the payment deferred to a future date. But if the deferred payment is increased by a fixed proportion

as a result of the delay in paying the installments, this is forbidden, according to the consensus of all Muslims. This is pre-Islamic usury as mentioned in the Qur'an when one person, at the time the payment was due, said to one who -was indebted to him, that the debt must be paid or the amount would be increased. Allah is our Guide; may His blessings be on Mohammad and his Family and Companions.

Question:

Praise be to God who alone is to be praised. Prayers and peace be on His Messenger Mohammad and his Family and Companions. A question was submitted to the General Chairman of the Permanent Committee for Scientific Research and Opinion Giving by Mahmoud Husein Hammad (registered under No. 580 on 26/3/1401 A.H.), in which he states that he works in a bank in the Kingdom. He asks whether or not such work in banks dealing with usury is permitted. If it is not permitted, then should he resign ?

Answer:

Working in present day banks that deal with usury is not permissible. You may not continue to work in this bank. Nowadays most banking operations involve usury which has been forbidden by the Book, the Sunnah and by general consensus. The Prophet, may Allah's blessings and peace be upon him, decreed that he who helps the usurer and his agent by working or by witnessing for him, etc: deserves to be punished together with the usurer and his agent, and will be denied Allah's mercy. In Sahib Muslim and other Hadith collections, is related the saying by Jaber, may Allah be well- pleased with him, that Allah's Messenger, may Allah's blessings and peace be upon him, condemned the usurer, his agent and his witness, saying that they are all one and the same. Those who work in banks are aides to the owners of banks, as managers of their affairs, as clerks, in registration, as witnesses in transporting papers, paying out money, or collecting and receiving it, etc. All these services assist the usurers. Therefore, working, in modern banks is not allowed: A Muslim must avoid this; he must earn his living by the many ways that are acceptable to Allah. He must fear Allah, and should not expose himself to Divine punishment. It is hoped that this will prove a sufficient warning. May Allah guide us, and may His blessings and peace be on His Servant and Messenger, and his Family and Companions.

(Courtesy: Profit versus Bank Interest in Economic Analysis and Islamic Law. Islamic Research and Training Institute & Islamic Development Bank. 1994)