

# **Money Dealings In Islam (Muamlaat)**

**By: Anwar Ul Haq (Islamic & Religious Studies)**

# Over View:

- Sale
- Purchase
- leasing
- Loan
- Usury
- Mortgage
- Trust

# Sale:

- Sale means

“Exchange of a thing to another thing of value with mutual consent.”

It also means a commodity in exchange of cash.

## **Elements of Sale:**

- Contract
- Subject Matter
- Price
- Possession of delivery

# Elements Of Contract In Islam:

- Subject matter (Specified & Quantified)
- Contractor (Non-restricted, Sane, Mature)
- Wording of contract (Present/Immediate, Unconditional, Non-contingent).

# Leasing:

- Lease is a contract between the owner of an asset and the party desiring to use that asset.
- Terms:
  - 1) The lesser allows the lessee the unrestricted right to use the asset during the lease terms.
  - 2) The lessee agrees to make payments to the lessor and to maintain the assets.
  - 3) The assets remain with the lessor who usually retakes possession at the end of the lease.
- i.e Lease of houses , apartments ,office ,cars and machineries etc .

## ➤ Principles Of Leasing:

- 1) Transfer of usufruct not ownership of an agreed person on agreed consideration.
- 2) Subject of lease (Valuable, Identified and Quantified).
- 3) Lease for specific purpose only.

# Benefits Of Leasing:

- To use assets without having to buy it.
- Require less investment than bank financing.

# Loan:

- Any form of financing made according Islamic law which forbids the payment of interest .
- An Islamic loan is an interest free loan.
- Muslims are not allowed to take benefit from leanding money.



- Loans are given to the purpose of welfare assistance.
- Debt repayments by certain parties to the other without profit made overtime.
- Social responsibility or welfare assistance from the wealthy to those who are needy.

# Usury:

- The arabic word “Riba” which means usury (increase) is forbidden in Islam which is clearly stated in Quran.
- Allah says

“ Allah has made trade lawful and usury forbidden”.
- It refers to anything paid/charged over and above the principal amount on a loan.
- Riba means the borrower receive extra amount from the lender along with the principal amount as conditioned for the loan or an extension in its maturity.

# Mortgage:

- Mortgage means “ A legal agreement by which a bank,a person or building society lends on money at the interest in exchange for taking title of the debtor's property with the condition that the conveyance of title becomes void upon the payment of debt”.

# Trust:

- Belief in the responsibility ,truth or ability of someone.
- For Example:
- A person (Trustee) holds property as its nominal ownership for the good of one or more beneficiaries.

# Purchase:

- The Arabic word for sale is Bay', which literally means exchange (mubadalah) and applies to both sale and purchase.
- According to Islam, there is nothing wrong in fair trade and commerce. In fact, a businessperson who performs his business operations with honesty and in accordance with the commands of Allah deserves to be rewarded by Allah in the life hereafter (Akhirah).
- Prophet Muhammad (SAW) emphasized honesty and kindness in all business dealings. He said, "The truthful and honest merchant is associated with the Prophets, the decent, and the martyrs." [2] And, "God shows mercy to a person who is kind when he sells, when he buys, and when he recovers a debt."