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The first question of Fatwa no. 7301

Q 1: Out of our confidence in your knowledge and piety, I ask you to issue a Fatwa regarding a matter in which every Muslim is interested, especially Muslims who live in Europe. After examining this matter carefully in books of Fiqh and tracing back what was mentioned in various Islamic conferences in this regard, the board members of our charity assembly hold two views in this regard. Is bank interest usury or not?

The first opinion states: Bank interest, whether little or much, is part of usury. A Muslim must not consider them lawful, especially for a charity assembly. This is according to a fatwa that was issued by Senior Muslim Scholars in various Islamic conferences. Although the matter is doubtful, it is better to keep away from such interest, acting upon the saying of the Prophet (peace be upon him): [\( Both legal and illegal things are obvious and in between them are \(suspicious\) doubtful matters which are not known by many people... \)](#) Loans should be paid without any increase or decrease, countable for countable, weighted for weighted and what is gauged for what is gauged.

The second opinion states: In order to protect Muslims' wealth against decrease in value as a result of inflation (purchasing power); it is necessary to compensate this shortage through investment which is not easy because we are not a specialized financial body. Therefore, it will be better to preserve them in a bank in return for interest that is less than

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the percentage of inflation in prices so as to make up for part of the resulted loss. The second opinion stated the following example: If someone borrows an amount of dry dates from another person and their price at that time equals 100 Riyals, what is the ruling if the time of payment is due and the first person has no dry dates. He wants to pay its price and the second accepts that. When they ask about its price in the market, they find that it equals 150 Riyals while they know that the price at the time of borrowing was only 100 Riyals. Should the second person accept 150 Riyals or should he only take 100 Riyals? They also argue that in the early period of Islam, money was gold and silver and each unit had a fixed weight because it is a commodity by its own which has a value that increases and decreases according to market prices. This is not applicable to banknotes for they are just pieces of paper which have no value of their own.

This is a brief outline of both views. Unfortunately, they did not reach a legal ruling on the issue of bank interest because they did not obtain the written documents of the Fatwas issued by the Islamic Conferences and the Muslim scholars who consider that such

interest is prohibited. Moreover, we know of no scholar who discussed the issue of inflation and the legal ruling concerning it. This was the point that made both parties adhere to their own opinions.

For further information, we will put the question to the vote on the general board the following March in order to decide what should be done. However, we believe that there is no scope for voting in religious matters as long as there is someone who knows and is able to give a Fatwa,

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I hope that your Eminence will issue us a Fatwa before the end of February. I also need the written text of the Fatwa which is to explain this issue which faces Muslims today - to the members of the assembly. This is especially so in Western countries. I hope that the report of the general assembly will be in concordance with that which pleases Allah. May Allah reward you!

**A: First,** the soundest opinion is that equality and immediate exchange are prerequisites for the validity of usurious goods when they are of the same kind. When they are of different kinds, it is permissible to sell some of them at a higher price than others, but immediate exchange must take place at the same time that the contract is made, except if one of the two kinds is gold, silver or banknotes and the other is different. In this case, it is permissible to delay one of the two commodities just as in Salam sale (sale with advance payment) and credit sales.

Accordingly, the increase in one of the two commodities in return for the other is a kind of Riba Al-Fadl (usury of excess, selling an item for another of the same type, on the spot, but in excess) when the two kinds are alike.

**Second,** Allah (may He be Exalted) does not obligate us to deposit our money in banks with usurious interest in order to develop and maintain it. He (may He be Exalted) also does not confine us to a specific way of lawful gains so that we have to resort to usurious dealings; but He legislates investment through business, agriculture, industry and other types of production and investment. In addition, Allah (may He be Exalted) also explains what is legal and what is illegal.

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Therefore, whoever is able to increase his gains through lawful means, should do so and whoever can not, he should give his money to a trustworthy person who is specialized in investment to work with this money for a fixed percentage of the profits. This is called a speculative company, Muzara`ah (giving land for cultivation in return for a specified portion of the harvest) or Musaqah (giving planted or unplanted trees and land to be tended for a specified share of the fruit) according to the difference in the types of actions. These ways are the lawful means of gains and protecting wealth from reduction with the will of Allah along with the just distribution for profit and loss.

The claim of the second party that there is no other way to preserve wealth from reduction except by depositing it in bank that have usurious interest is untrue.

Accordingly, loans should be repaid in the same amount that was borrowed and this is absolute justice. The increase and decrease of the mentioned value may harm or benefit either side. Price fluctuation occurred during the time of the Prophet (peace be upon him) and he did not change the legal ruling which was set for Muslims.

The borrower may pay the value of the loan in its due time if the loaner is satisfied with that. It was related from [Ibn `Umar](#) (may Allah be pleased with him) that he said:﴿ [We used to sell camels with dinars, and take the dirhams. We also used to sell dirhams and take dinars. Thereupon, the Prophet \(peace be upon him\) said: There is no harm in taking them at the current rate as long as you do not separate while something is still to be settled. ﴾](#)

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May Allah grant us success! May peace and blessings be upon our Prophet Muhammad, his family and Companions!

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