



Fatwa no. 1251

Q: What is the ruling on two people who are forced to take loans from commercial banks which charge interest on loans in the Kingdom of Saudi Arabia. Is such a transaction considered a form of Riba (usury)?

A: [Muslim](#) narrated in his Sahih (authentic book of Hadith) on the authority of `Ubadah ibn Al-Samit (may Allah be pleased with him) that the Prophet (peace be upon him) said, ﴿ Gold is to be paid for by gold, silver by silver, wheat by wheat, barley by barley, dates by dates, and salt by salt, like for like and equal for equal, payment being made hand to hand. If these classes differ, then sell as you wish if payment is made hand to hand. ﴾

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[Al-Bukhari](#) and [Muslim](#) also narrated in the two Shaih on the authority of [Abu Sa`id Al-Khudri](#) (may Allah be pleased with him) who said: " The Messenger of Allah (peace be upon him) said, ﴿ Do not sell gold for gold, except like for like, and do not increase one part over another part; and do not sell silver for silver except like for like, and do not increase one part over another part, and of these, (gold and silver), do not sell something present for something to be later delivered. ﴾ In another version, it is stated: ﴿ Gold is to be paid for by gold, silver by silver, wheat by wheat, barley by barley, dates by dates, salt by salt, like by like, payment being made hand to hand. He who makes an

addition to it, or asks for an addition, in fact deals in usury. The receiver and the giver are equally guilty.)Narrated by Ahmad and Al-Bukhari.

Banknotes are undoubtedly susceptible to usury as they have taken the place of gold and silver. They are subject to Riba Al-Fadl (usury of excess, selling an item for another of the same type, on the spot, but in excess) and Riba Al-Nasi'ah (usury of delay, conditional excess for delay of payment). The first type of Riba materializes because the borrower takes a sum of 1000 riyals and the bank charges an interest of 200 riyals upon repayment. The second type of Riba materializes because the borrower takes and repays the debt with a conditioned interest to be paid some time later according to the agreement between the bank and the borrower. Accordingly, the kind of transaction as mentioned in the question above is considered an obvious form of Riba. Allah has threatened those who conduct usurious dealings when He (may He be Exalted) says,

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﴿ Those who eat Ribâ (usury) will not stand (on the Day of Resurrection) except like the standing of a person beaten by Shaitân (Satan) leading him to insanity. That is because they say: "Trading is only like Ribâ (usury)," whereas Allâh has permitted trading and forbidden Ribâ (usury). So whosoever receives an admonition from his Lord and stops eating Ribâ (usury) shall not be punished for the past; his case is for Allâh (to judge); but whoever returns [to Ribâ (usury)], such are the dwellers of the Fire - they will abide therein. ﴾ Allâh will destroy Ribâ (usury) and will give increase for Sadaqât (deeds of charity, alms, etc.)... ﴾

The justification of the two questioners that many people hold usurious transactions with banks is groundless as it makes lawful what Allah has declared prohibited to His Servants. Lawful things can be easily distinguished from unlawful things. Allah will hold every one accountable for their deeds. Whoever does a good deed equal to the weight of an atom shall be rewarded on its account and whoever does an evil deed equal to the weight of an atom shall be punished on its account. Allah Alone is the One Whose help is sought.

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

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