



**The first and second questions of Fatwa no. 3037:**

**Q 1: Nowadays commercial transactions include exchange of different types of currencies.**

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**For example, dollars are exchanged for riyals, riyals for sterling and sterling for Kuwaiti dinar...etc. Each currency is sold and bought at different prices. If, for example, we want to sell the dollars we have to a money-exchanger, he will buy them at 3 riyals and 25 halalahs, but if we want to buy dollars from him, he will sell them at 3 riyals and 30 halalahs. We would like to ask Your Eminence the following questions regarding this kind of transactions: A- Is the transaction mentioned above permissible from the Islamic perspective? Can it be considered a type of lawful sale? B- If such transactions are permissible, what is the evidence that they do not constitute a form of prohibited Riba?**

**A:** A- The abovementioned transaction is conducted with a type of money susceptible to Riba (usury). This kind of transaction is permissible if done hand to hand and even if these two exchanged items are sold and bought at different prices because they are of different types. It was authentically reported that 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 delivered later. \)](#) Banknotes are substitutes of gold and silver. Since, according to the question,

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these banknotes are of different types, it is permissible to exchange them for a selling price more than a buying price and vice versa. However, the transaction has to be done on the spot. This is based on the Hadith in which the Prophet (peace be upon him) is reported to have forbidden the selling of an absent item for a present item. This type of sale is known in Shari`ah as Sarf (exchange).

B- All things susceptible to Riba like wheat, barely, dates and raisins can be exchanged provided the exchange occurs between items of the same type, with equal weight and hand to hand. It is permissible to exchange items of unequal weight provided that they are of different type in a hand-to-hand transaction. However, it is prohibited to exchange items of unequal weight if they are of the same type, no matter whether the transaction is done hand to hand or the delivery of one or both items is deferred. It is prohibited to defer delivery of one or both the exchanged items which are susceptible to Riba unless one of them happens to be cash while the other is not. This is the same ruling applied to Salam sale (sale with advance payment) and Ajal sale (sale with deferred payment).

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