

According to Islamic Law and *RIBA* , interest is *haram* and unlawful. Arguments that interests of depositors and savings are not that Same *RIBA* of usury : from a Non-Muslim perspective thinking out of the box for the future of our children

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ABSTRACT: This paper illustrates , from a Non-Muslim perspective what is *RIBA* in Islamic laws. *RIBA* is defined as anything that relates to interest is forbidden. It is *Haram*. The paper explains what the different terms *Riba*, *Haram*, *Halal* means. In Islam there are forbidden rules, regarding food and money such as *Halal* and *Haram*. Moreover, according to Scholars in Islam, it is a grave mistake for Muslims if they simply ban or deem something as *haram* or illegal/illicit (if it is accepted and denied by Islam) without providing any valid arguments, strong reasons and especially without quoting proof from the holy texts of the Quran and words of al-Sunnah. The paper concludes by arguing that the Interests on deposits and savings are not that same *Riba* that is forbidden and or usury and exploitation. This discussion is supported by previous research findings. Anyone, of any community should be free to use his/her money as she wishes as long it is does not break any rules of the laws of the society. In modern times, thinking out of the box is sometimes important.

KEYWORDS: *Riba*, *Haram*, *Halal*, interest, deposits and savings

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I. INTRODUCTION

According to the Holy Quran¹, all good and clean foods are *halal*. In non-Arabic-speaking countries, the term is most commonly used in a narrower context of Muslim dietary laws only, especially when meat and poultry are concerned. However it also refers to other consumer and industry related products like pharmaceuticals, biological products and fertilizers. Meanwhile *haram* means something that is prohibited in Islam. Consequently, almost all foods of plant and animal origin are considered *halal* except those that have been specifically prohibited by the Quran and the Sunnah (the life, actions, and teachings of the Prophet Muhammad). *Halal* food can be processed by using the same equipment and utensils as regular food, with a few exceptions or changes. Similar to *halal* food, *halal* pharmaceuticals are supposed to come from *halal*, clean, and healthy sources because they are something which are eaten or consumed.

What is *Haram* and what is not *Haram* ?

The word ‘*haram*’ or illegal/illicit means something that is forbidden by Islam on its followers strictly without compromise (if not in cases of life threatening emergencies). Allah S. W. T. (God Almighty) has warned that perpetrators of *haram* or illegal/illicit related acts are sinful and painful punishment will be exacted upon them². In everyday contexts, things which are seen as *haram* are normally related to food and consumer products that are unclean and dirty. The Arabs equate these two negative properties with the term *khability*. This particular word means all things that are dirty, unclean and unholy. Indeed, things which are dirty, unclean and unholy are hated and disliked by normal human beings under all circumstances. These negative properties are also related to poor health and sickness and so they become the main reason why we are repulsed by things that are considered *haram*, whether in the form of organic food such as pork, carrion, meat with running blood and animals that are not slaughtered according to Islamic rites or consumer products such as processed food and drinks, medicine and other items of daily use. The word *haram* is also related to things that are connected to *haram* acts (i.e., sinful), for instance, accruing illegal interest, stealing, thievery and conning other people. All of these sinful or *haram* acts are also seen as dirty, unclean and unholy due to the fact that these kinds of behaviour do not and will not have the pleasure of Allah S.W.T. They are totally forbidden to all Muslims living on this earth³. For Ibn ‘ Abbas R.A., the term *al-khability* is defined as things that are dirty and unclean, such as pork, the collection of interest on monies and other sinful deeds.

With reference to the issue of dirty and unclean impurities that have been modified in structure into something 'clean' and new, Fiqh scholars and jurists from the Hanafi sect have issued numerous rulings (fatwa) on this matter. Amongst them:

- a) Ruling regarding cooking animal meat containing blood that is still flowing. If the meat in question had been cooked until there is no sign of blood stains on and in the food in question, then it is clean, pure and halal for consumption⁴.
- b) Cooking pots and water jugs made from unclean and impure earth are considered clean, pure and halal for the cooking and boiling of food and drinks. This is due to the fact that the determination of the law is seen in the end product and not on the origin of the product ⁴.
- c) The manufacture of bread containing alcohol is not considered unclean and impure provided after bread is perfectly baked it does not leave any traces of alcohol such as smell, taste and the colour of the alcohol fluid. Most importantly, it does not intoxicate when ingested⁵.
- d) Unclean impurities that have been altered into either detergents or soap or similar products are deemed by the law to be pure, halal and also sanctifying for religious purposes⁶.

If the end or final product is clean, pure and good, then it will be considered halal; if the opposite is the case, then the rule of law warrants that the end or final product is unclean, impure and haram for use ⁷.

Providing Valid arguments and quoting proofs

Many Islamic Fiqh scholars and jurists stated that "The nature of everything is a must (i.e., acceptable to be done and/or to be used) until there is strong legal evidence to show that it is haram (and illegal/illicit under Islam)." ⁸

"The nature of everything is pure until there is strong legal evidence that explains the impurity of a certain thing."⁹ For that reason, it is a grave mistake for Muslims if they simply ban or deem something as haram or illegal/illicit (if it is accepted and condoned by Islam) without providing any valid arguments, strong reasons and especially without quoting proof from the holy texts of the Quran and words of al-Sunnah.

II. DISCUSSION

Haram Material¹⁰

Haram material is referring to *maytah* (dead animals) and pork and any meat that is not slaughtered in the name of Allah. It is mentioned in four places in the holy Qur'an.

- (1) «He has forbidden you the *maytah* (dead animals), and blood, and the flesh of swine, and that which is slaughtered as a sacrifice for others than Allah (or has been slaughtered for idols, on which Allah's Name has not been mentioned while slaughtering). But if one is forced by necessity, without willful disobedience, or transgressing due limits, - then is he guiltless. For Allah is Oft-forgiving Most Merciful.» [Al-Baqarah: 173]
- (2) «Forbidden to you (for food) are: Al-Maytah (the dead animals), blood, the flesh of swine, and that on which Allah's Name has not been mentioned while slaughtering (that which has been slaughtered as a sacrifice for others than Allah, or has been slaughtered for idols) and that which has been killed by strangling, or by a violent blow, or by a headlong fall, or by the goring of horns and that which has been (partly) eaten by a wild animal. ...But if any is forced by hunger, with no inclination to transgression, Allah is indeed Oft-forgiving, Most Merciful.» [Al-Ma'idah: 3]
- (3) «Say: I find not in that which has been revealed to me anything forbidden to be eaten by one who wishes to eat it, unless it be a *maytah* (dead animal) or blood poured forth (by slaughtering or the like), or the flesh of swine (pork); for that surely is impure or impious (unlawful) meat (of an animal) which is slaughtered for idols or on which Allah's Name has not been mentioned while slaughtering). But (even so), if a person is forced by necessity, without willful disobedience, nor transgressing due limits, - thy Lord is Oft-forgiving, Most Merciful.» [Al-An'am: 145]
- (4) «He has forbidden you Al-Maytah (the dead animal), blood, the flesh of swine, and any animal which is slaughtered as a sacrifice for others than Allah (or has been slaughtered for idols or on which Allah's Name has not been mentioned while slaughtering). But if one is forced by necessity, without willful disobedience, nor transgressing due limits, - then Allah is Oft-Forgiving, Most Merciful.» [An-Nahl: 115]

It is encouraging to know that Muslims generally are very concerned about the halal and haram material every where. They are very strict in looking for Islamic symbols of halal in any products. Some of them will refuse to eat any food unless he is certain and sure that it is of Muslim-slaughtered food or it does not contain any Islamic forbidden elements.

It is stated in the end of the four verses above that a Muslim can consume a forbidden meal, such as maytah or pork under necessity and emergency case, whereas there is no single verse or hadith where it is allowed for a Muslim to take someone's money or belongings without his permission or consent, except in one situation as reported by Al-Bukhariy and Muslim in the hadith.¹⁰

Narrated by `Uqbah bin `Amir: *We said, "O Allah's Apostle! You send us out and it happens that we have to stay with such people as do not entertain us. What do you think about it?" Allah's Apostle said to us: «If you stay with some people and they entertain you as they should for a guest, accept it; but if they do not do then you should take from them the rights of the guest, which they ought to give.»* [Al-Bukhariy/ 6137]

Frauds and Deception in Islam

Islam prohibits any types of fraud and deception, whether it is in buying or selling or in any other matters between people. The Muslim must be honest and truthful in all situations, holding his faith dearer than any worldly gain.

The prophet (p.b.u.h.) said:

«Both parties to a business transaction have a right to cancel it as long as they have not separated. If they tell the truth and make everything clear, they will be bless in their transaction, but if they lie and conceal anything, the blessing will be blotted out.»

Reported by Hakim bin Hazam [Al-Bukhary/ 1973, 1976].

He said in another hadith reported by Uqbah bin Amir:

«It is not permissible to sell an article without making everything (about it) clear, nor is it permissible for anyone who knows (about its defects) to refrain from mentioning them.» [Sunan bin Maja 2246 & Sunan Al-Bayhaqi, 10515]

Once, when passing by a grain merchant, the prophet (p.b.u.h) thrust his hand into the heap of grain and found it wet. «What is this, O merchant?» he asked. "It is because of the rain," the man replied. The prophet (p.b.u.h.) then said to him: «Why did you not put it on top so that people could see it? He who deceives us is not among us.» Reported by Abu Hurayrah. [Sahih Muslim/ 147]

In another hadith reported by Abu Hurayrah,

the prophet passed by a heap of grain which was made to look good by the merchant. The prophet (p.b.u.h.) put his hand into it and found it to be bad. He told the merchant: «Sell the good and the bad separately. He who deceives us is not among us.» [Musnad Ahmad/ 5113]

Narrated Abu Mas`ud:

The prophet forbidden the utilization of the price of a dog, the earnings of prostitute and the earnings of a fortune teller¹¹

Academicians, Masters, PhD , spiritual leaders and Haram

The Islam Scholars also narrates that any promotion achieved or degree obtained in such manner is illegal, consequently any earning in result of this is considered haram. It is supported by the hadith reported by Ibn Mas`ud:

«He who deceives us is not from us, fraud and delude in hell. » [Sahih bin Hibban/ 572] (Rida, vol. 8, p. 489).

III. FINDINGS

What is a Hukm (a legal rule)?¹²

Hukm is the word and command of Allah that is addressed and related specifically to the actions, or behaviors, or deeds of humans who are capable of performing these commands.

From this definition we can conclude that in Islam the ruling values of behavior and moral responsibility or legal obligation are derived from:

- The word of Allah (through the Qur'an)
- The tradition of the Prophet Muhammad (pbuh) (through the Sunnah)
- The consensus (Ijma') of 'Ulama' or scholars of Islamic law in light of the Qur'an and Sunnah

- From Qiyas.

This legal regulation, or hukm, commands either permission or prohibition. It is either in the form of a request or a demand (talab) to do a particular thing, or a demand to avoid doing a particular thing. This request or demand might also be in the form of a binding obligation or could be in a form of giving choice, as we will see in textual examples from the Qur'an and Sunnah. The Hukm, or legal regulation, might give the believer the freedom of choice in making a decision whether to do a particular thing or not, without giving specific preference to the choice made by the believer. This is called takhīer in Arabic. The Hukm or legal obligation might also be in the form of making one thing as a cause of the other or its condition or prevention.

For example the following Ayat are Hukm of prohibition:

"O you who believe! Enter not houses other than your own, until you have asked permission and greeted those in them: that is best for you, in order that you may remember." (Qur'an, 24:27)

"And do not come near to adultery. Indeed, it is ever an immorality and is evil as a way." (Qur'an, 17:32)

Who is Legally and Morally Obligated (Mu.kal.laf)?¹²

Every Muslim, male or female, who is mature by reaching the age of puberty, and mentally competent is obligated to follow the commands of Allah. For the Prophet Muhammad said:

"Allah's commands exclude those who are asleep till he wakes up, and the young until reaching puberty, and the insane till they become mentally competent."

Thus, there are three requirements for legal obligation and moral responsibility:

1. Islam; which excludes non-Muslims.
2. Maturity (having reached puberty); which excludes infants, babies, and children.
3. Sound Rationality, consisting of two parts:
 - A. Consciousness; which exclude people in sleep, anesthetic, comatose people, and the like.
 - B. Mental competence; which excludes the insane, mentally ill and similar cases.¹²

Riba: It's Prohibition in the Shari`ah²⁰

Riba is an Arabic word, derived from the verb *raba* that literally means 'to grow' or 'expand' or 'increase' or 'inflate' or 'excess'.¹³ Similar literary meaning appeared in Qur'an as well.¹⁴ It is, however, not every growth or increase, which falls in the category of riba prohibited in Islam. It is generally translated into English as "usury" or "interest", but in fact it has a much broader sense in the Shari`ah. Riba in the Shari`ah, technically refers to the 'premium' that must be paid by the borrower to the lender along with the principal amount as a condition for the loan or for an extension in its maturity.¹⁵ In fiqh¹⁶ terminology, riba means an increase in one of two homogeneous equivalents being exchanged without this increase being accompanied by a return¹⁷. The term riba is, however, used in the Shari`ah in two senses. The first is riba al-nasi'ah and the second is riba al-fadl.¹⁸ Some Muslim scholars attempt to define riba which seems to be closer to the sense implied in the verses of the Qur'an and a hadith related to it. They defined riba as an increase or excess which, in an exchange or sale of a commodity, accrues to the owner (lender) without giving in return any equivalent counter-value or recompense to the other party.¹⁹

In the pre-Islamic and early Islamic era, riba signified the increase of money in consideration for an extension of the term of maturity of a loan. The pre-Islamic and early Islamic Arabs used to pay the money on loans and received a certain sum leaving the principal sum untouched. When the maturity date expired, they would claim the principal sum from the debtor; if it was not possible for the debtor to repay, they would increase the principal sum and extend the term. Thus, there were transactions with a fixed time limit and payment of interest, as well as speculations of all kinds that formed an essential element in the trading system of the pre-Islamic era. A debtor who could not repay the debt i.e., money or goods, with the accumulated interest at the time it fell due was given an extension of time during which to pay, but at the same time the sum due was doubled. This is referred to clearly in the Qur'an,

"O you who believe! Do not devour riba multiplying it over, and observe your duty to Allah that you may prosper" (3:10)

Twelve verses in the Quran deal with riba²¹ (although not all of them mention the word). The word (usually translated as usury) appearing eight times in total — three times in 2:275, and once each in verses 2:276, 2:278, 3:130, 4:161 and 30:39²²

The Mekkan verse in Surah Ar-Rum was the first to be revealed on the topic:

And what you give in usury (riba), that it may increase upon the people's wealth, increases not with God;
(Quran 30:39)

Other Medinan verses are:

... for their taking usury (riba), that they were prohibited, ... (Surah An-Nisaa Quran 4:161)
O believers, devour not usury (riba), doubled and redoubled, and fear you God; haply so you will prosper.
(Surah Al-i-'Imran Quran 3:129-130)

In a similar direction, the verses in Surah Baqarah are as follows:

Those who devour usury (riba) shall not rise again except as he rises, whom Satan of the touch prostrates; that is because they say, 'Trade is like usury (riba).' God has permitted trade, and forbidden usury (riba). Whosoever receives an admonition from his Lord and gives over, he shall have his past gains, and his affair is committed to God; but whosoever reverts — those are the inhabitants of the Fire, therein dwelling forever. God blots out usury, but freewill offerings He augments with interest. God loves not any guilty ingrate. Those who believe and do deeds of righteousness, and perform the prayer, and pay the alms - their wage awaits them with their Lord, and no fear shall be on them, neither shall they sorrow. O believers, fear you God; and give up the usury (riba) that is outstanding, if you are believers. But if you do not, then take notice that God shall war with you, and His Messenger; yet if you repent, you shall have your principal, unwronging and unwronged. And if any man should be in difficulties, let him have respite till things are easier; but that you should give freewill offerings is better for you, did you but know. (Quran 2:275-280)

These verses establish a number of important points. Firstly riba is categorically prohibited, secondly, it is stated that riba is what is over and above the principal and thirdly that it is unjust (zulm). It is also said that riba is destined to destruction (mahq). And last but not the least, the worst effect of riba mentioned in the above passage is that on human personality: riba demeans and diminishes individuals who indulge in taking it. Significantly, the claim of equating riba with trade is also rejected (trade being mutually beneficial whereas the benefits of riba may well be confined to one party only). We will have to say more on these points after we go through the other verses. Next comes a verse in the third chapter, Aal e Imran. This verse underlines the tendency of riba to balloon manifold, multiplying its ill effects.

O you who believe! Devour not usury, doubling and quadrupling (the sum lent). Observe your duty to Allah, that you may be successful.(3:130)

IV. CONCLUSION

Another example from the Qur'an:

“Those who unjustly eat up the property of orphans, eat up a fire into their own bodies: they will soon be enduring a blazing fire!” (Qur'an, 4:10)

Arguments for Bank Interest ²²

The research paper of the Islamic Research and Training Institute, 2004, Islamic Development Bank, Saudi Arabia by the researcher Siddiqi M.N.²² argued that the interest paid by banks is not the same sort of Riba mentioned in the Quran. The arguments in favour of bank interest are that it is needed to afford savers a safe means of earning a return, It is necessary for Muslims engaging in business, It is an essential part of the modern system of money and finance without which the whole system will collapse. Interest is the price of capital. If it is removed there is nothing to establish equilibrium between supply of capital and its demand. Interest is necessary for efficient allocation of resources over time as in project evaluation. It is not the riba prohibited in Islam. It is part of a system entirely different from the one in Arabia of which the prohibited riba formed part ²³. Modern bank interest does not violate norms of justice, so there is no moral case against interest. It is not the riba prohibited in Islam. It is paid by rich banks to ordinary people in contrast to that paid by the poor to the rich lenders as in Arabia in olden days. It is not the riba prohibited in Islam as it is related to commercial loans whereas the former related to consumption loans. It is not the riba prohibited in Islam that related to very high rates of compound interest. It is not the riba prohibited in Islam as bank deposits are not in the nature of loans made to banks but in the nature of capital supplied in mudarabah. It is not the riba prohibited in Islam as it is only a predetermined rate of profit that the bank agrees to pay as an agent of the depositor who entrusted to it the task of profitable employment of the deposited capital.

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