

INTEREST IN ISLAM (PART 2 OF 2)

Rating:

Description: An exploration of what the Sunnah of Prophet Muhammad states about interest and suggestions on how to avoid common forms of *riba* in modern life.

Category: [Lessons](#) › [Islamic Lifestyle, Morals and Practices](#) › [Financial Transactions](#)

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Objectives:

- To understand several verses in the Quran on *riba*.
- To learn some of what Prophet Muhammad said about *riba*.
- To learn some tips on dealing with *riba*.
- To learn about some alternatives to *riba*.

Arabic Terms:

- Riba* - interest.
- Shariah*– Islamic Law.
- Shirk* – a word that implies ascribing partners to Allah, or ascribing divine attributes to other than Allah, or believing that the source of power, harm and blessings comes from another besides Allah.
- Sunnah*- The word *Sunnah* has several meanings depending on the area of study however the meaning is generally accepted to be, whatever was reported that the Prophet said, did, or approved.
- Zakah* - obligatory charity

***Riba* in the Quran (continued)**

Interest Verses *Zakah*

“That which you give in interest in order that it may increase on (other) people’s property has no increase with Allah; but that which you give in zakah seeking Allah’s Countenance then those, they shall have manifold increase. (Quran 30:39)



Interest Is Consuming People’s Wealth Unjustly

“Because of the wrongdoing of the Jews we forbade them good things, which were (before) made lawful unto them, and because of their much hindering from Allah’s way. And [for] their taking of interest while they had been forbidden from it, and their consuming of the people’s wealth unjustly. And we have prepared for the disbelievers among them a painful punishment. (Quran 4:160-161)

Prohibition of Accumulating Wealth by Consuming Interest

“O you who believe! Devour not interest, doubling and quadrupling (the sum lent), but fear Allah that you may be successful.” (Quran 3:130)

Interest Verses Charity, Riba Eaters on Judgement Day

“Those who consume interest cannot stand [on the Day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say: Trade is just like interest; whereas Allah permits trading and forbids interest. He unto whom admonition from His Lord comes and (he) refrains (in obedience thereto), he shall keep (the profits of) that which is passed, and his affair (henceforth) is with Allah. But whoever returns to [dealing in interest] – such are the dwellers of the Fire - they will abide therein. Allah destroys interest and gives increase for charities. And Allah likes not the disbelievers, sinners.” (2:275-276)

Give Up Interest As Soon As Guidance Of Allah Reaches You, Declaration of War from Allah on Riba Dealers

“You who believe, fear Allah: give up any outstanding dues from interest, if you are true believers. If you do not, then be warned of war from Allah and His Messenger. You shall have your capital if you repent, and without suffering loss or causing others to suffer loss. If the debtor is in difficulty, then delay things until matters become easier for him; still, if you were to write it off as an act of charity, that would be better for you, if only you knew. Beware of a Day when you will be returned to Allah: every soul will be paid in full for what it has earned, and no one will be wronged.” (Quran 2:278-281)

Statements of Prophet Muhammad on *Riba*

1. The Prophet said:

“Last night I saw (in a dream) two men who came to me and took me out to a holy land. We set out until we came to a river of blood in which a man was standing, and on the riverbank there was another man in front of whom were some stones. The man in the river came towards him, and when he wanted to get out, the other man threw a stone into his mouth and sent him back to where he started. Every time he tried to get out, the other man threw a stone into his mouth and sent him back. I said, ‘What is this?’ They said, ‘The one whom you saw in the river was one who consumed riba.”^[1]

2 . The Prophet said:

‘Avoid the seven destructive sins.’

They said: O Messenger of Allah, what are they?’ He said:

‘Shirk, sorcery, killing a soul whom Allah has forbidden us to kill, consuming riba, consuming orphans’ wealth, running away from the battle field, and slandering chaste, innocent believing women.’^[2]

3 . The Messenger of Allah cursed ten people:

“The one who consumes riba, the one who pays riba, the one who writes it down, the two who witness it, the one who makes it lawful, the one for whom it is made lawful, the one who withholds charity, the one who does tattoos and the one for whom tattooing is done.”^[3]

Therefore, all dealings of interest are forbidden.

What Should You Do?

1 . Avoid direct involvement in any transaction based on interest especially at the job.

Solution: If your job requires you to deal with interest, look for another one.

2 . Stay away from interest bearing checking account in a bank or a credit union.

Solution: Banks generally give a small amount of interest on checking and saving accounts. Earned interest should be given away in charity to the poor, without intending any reward, but merely to rid yourself of unlawful wealth. You can also contact your local mosque and buy toilet paper, etc for them with that money.

3 . Do not take out a loan from a bank on interest for business.

Solution: Explore Islamic financing options given below.

4 . Avoid credit card debt.

Solution: Pay the complete balance you owe on your credit card as soon as you get the monthly statement so you do not have to pay interest on it. You can also opt to get a pre-paid credit card, which most major banks do offer.

5 . Avoid buying a house or car on interest. Don't take auto or house mortgage in which you will have to pay interest.

Solution: One, you can rent, save money, and buy a house on foreclosure. Two, you can consider Islamic financing options given below. Three, sometimes a builder will directly sell you a house at no interest. You can lease (rent) a new or near-new car. You can also buy a used car. If you are looking for a vehicle you may also consider an 'in-house finance' that is set at 0%. Always read the fine-print and take your time as you examine these contracts.

6 . Avoid student loans.

Solution: Get more scholarships and bursaries, take a semester off to work, or take a smaller course load and work more while going to school. If you have difficulty doing so, please consult a scholar on your options.

Islamic Financing Options

UK Islamic Home Financing

[Manzil House Financing](#) programme offered by the Islamic Investment Bank Unit (IIBU) who are part of the Kuwait Bank.

[HSBC's Amanah](#) house financing scheme.

US Islamic Home & Business Financing

www.guidanceresidential.com: is one of the largest US provider of *Shariah*-compliant home financing having provided over \$3 billion in home financing to American-Muslim homeowners over the last 10 years.

www.devonbank.com: provider of faith-based residential and commercial financing in the US. Their products consist of real estate financing covering real estate purchase, refinance, construction, and lines of credit, as well as business and trade goods financing. They currently offer products in Illinois, Indiana, Wisconsin, Minnesota, California, North Carolina and Texas.

www.myuif.com: UIF serves the needs of the Muslim community by offering *Shariah*-compliant savings accounts through University Bank and Mortgage Alternative products, as well as *Shariah*-compliant commercial real-estate financing and home financing through *Murabaha* and *Ijara* programs.

Footnotes:

[1] *Saheeh Al-Bukhari*

[2] *Saheeh Al-Bukhari, Saheeh Muslim*

[3] *Saheeh Muslim*

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