

Loaning from the Islamic banks

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allaah, the Most Merciful, the Bestower of Mercy

Question: What did you draw about the bank of Al-Baraka? Is it permissible to direct someone who is in a dire need to deal with it, knowing that he will certainly resort to other banks?

Shaykh Aboo `Abd-al-Mu`iz `Alee Ferkous al-Qoobee (May Allaah the Most High preserve him): All praise is due to Allaah, the Lord of the Worlds. Peace and blessing be upon whom Allaah sent as a mercy to the Worlds, upon his Family, his Companions and his Brothers till the Day of Resurrection.

Names and attributes do not necessarily correspond to what they describe. What is important, in fact, is the core of the name not the name itself. The Islamic banks at the present time do not differ in their reality and essence from the usurious banks. These Islamic banks use trick with Sharee'ah, when dealing with what we call: Al-Muraabaha selling¹, which is actually a usurious loan in the form of sale, in which the bank buys

¹ Al-Muraabaha (the profit) selling according to the banks:

The banks qualify Al-Muraabaha (profit) selling by: "Al-Muraabaha selling for the buyer" or "a promise of buying" or "a promised buying" or "buying on promise".

We can define it as: "A request to buy merchandise made by a buyer to the bank. The bank accepts, and then every side makes a promise; one to buy, the other to sell, for a price and profit beforehand defined"

Its form: "The person who wants to buy the merchandise goes to a bank, because he has not enough money to buy it for cash and because the seller does not sell it for him on credit. Either because he does not practice the transactions on credit or he does not know the buyer or he needs money in cash. The bank buys it in cash and sells it to the buyer on credit, but at a higher price. This is made under two steps. The step of promise on profit and the conclusion of the profit selling. This promise is obligatory for the two parts (the bank and the buyer). It is required by some Islamic banks and not required by some others. [See: Bay` Al Muraabaha Li Al-Aamir Bi Esh-Shiraa' Fi Al-Massaarif Al-Islaamiyya (The profit selling for the buyer according to the Islamic banks)].

So, the bank selling called Al-Muraabaha is based on the following: promise then buying then selling.

- The buyer presents an application to the bank in order to buy merchandise.
- The bank accepts to buy from him the merchandise.
- The buyer makes a promise of buying the merchandise from the bank.
- The bank makes a promise of selling the aforesaid merchandise to the buyer. The promise may be obligatory for the majority of banks.
- The bank buys the aforesaid merchandise.
- The bank sells the aforesaid merchandise to the buyer on credit and for a higher profit beforehand agreed upon by the two sides.

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merchandise, that it does neither own nor need, for the tradesman. The sole need and intention of the bank through this is to reach a gain rate. So, the bank will conclude a selling with the tradesman that does not exist in reality. It is just an imaginary procedure in which the usurious loan is hidden and selling is put forward. This usurious loan is prohibited according to the texts which include warning Wa`eed. It is reported in the hadeeth: **“There will come a time when my Ummah (nation, community) regards lawful Riba (usury) by selling”²**.

Thus, if this bank deals with usury, it is not permissible to guide other persons to it, either the usury was appeared or hidden and either we do know that the person who asks the question will resort to this bank or not, because of the serious prohibition which is the war to be led by Allaah and His Messenger صَلَّى اللهُ عَلَيْهِ وَسَلَّمَ. In addition, leading others to bad actions and sins is a help in sin and transgression.

In a case of a compelled person who has no choice or solution but the banks, he should be informed about the ruling concerning necessity or dire need, and leave him to his faith to judge himself his case of necessity or dire need.

The perfect knowledge belongs to Allaah سبحانه وتعالى. Our last prayer is all praise is due to Allaah, the Lord of the Worlds. Peace and blessing be upon our Prophet, his Family, his Companions and his Brothers till the Day of Resurrection.

Algiers, Jumaada Al-Oola 23rd, 1427 H. June 19th, 2006.

² Reported by Al-Khattaabi in “Ghareeb Al-Hadeeth” (1/42) through Al-Awzaa`ee; the hadeeth is Marfoo` (raised). Ibn Al-Qayyim said in “Ighaathat Al-Lahfaan”(1/520): “Thus, even if the hadeeth is Mursal (hurried), it is unanimously agreed that we can use it as a support. Other Musnad hadeeths (whose chains of narrations are attached) witness for this hadeeth. Moreover, these hadeeths prove that El-Ayna selling is prohibited. The same thing nearly is mentioned in “I`laam Al-Muwaqqi`een” (3/144). In “Al-Ajwiba Al-Mardiyya” (1/214) As-Sakhaawi said: “This hadeeth is Mursal but it supports the Musnad hadeeths”. Al-Albaanee said in “Ghaayat Al-Maraam”(25), after he judged that the hadeeth is weak: “I say this just to clear up the chain of narration of this hadeeth so that the Muslim will not ascribe to the Prophet صَلَّى اللهُ عَلَيْهِ وَسَلَّمَ something he did not say”. Otherwise, the meaning of this hadeeth is seen nowadays, but it does not mean that this hadeeth was said by the Prophet صَلَّى اللهُ عَلَيْهِ وَسَلَّمَ, as it is known among people of knowledge.