

USURY DEFINITION & VERDICT IN QURAN

In an attempt to address the contemporary debate of bank interest & the rise of the so called “Islamic banks” , I looked at the Quran verses addressing the usury (reba) issue & what has been commented on it by Sheikh “Muhammad Abduh”(1849-1905) the grand Egyptian & most Islamic countries edict in his time who wrote as follows :

- 1. Reba (usury) is prohibited in all religions . Reba is an Arabic word meaning excess. Quran specified Reba as any money excess over the capital money loan

Allah words are clear Q2;279

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translation “ you may have your principal/capital – [thus] you do no wrong, nor are you wronged.”—

Thus Islam calls for lending money to the needy whereby the loan to be paid back just equal to the principal loan

- 2. Islam calls for lenient & deferred payment when the debtor is in an insolvent situation Q2;280

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translation “And if someone is in hardship, then [let there be] postponement until [a time of] ease. But if you give [from your right as] charity, then it is better for you, if you only knew’—

- 3. Allah has clearly clarified that selling & trading is allowed & is unlike usury

Q2;275

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translation “Allah has permitted trade and has forbidden interest”——

Allah allows selling because it is a commodity or service which is a return for the paid money/price whilst usury extra money has no tangible return which is merely money against money taking advantage of people needs & doing great harm to economy & market

However , the Sheikh mentions that price increment for postponed goods payment is allowed , thus a commodity can be sold at a certain cash price & at a higher price in case the payment is postponed or made in instalments

4. Allah then warns of usury consequences

Q2;276 ?????????? ?????????? ??????????

translation “Allah destroys interest”—— meaning that the usury causes many social problems of bankruptcy & financial problems enmity towards the lender & enmity between the poor & the rich which may lead to aggressions & crimes in addition to the economic problems of inflation & price increases & stifling economic growth ..etc

In view of what the Sheikh says & Quran verses above , & taking in account the modern economic theories that state that the best economic growth & stimulus can be achieved if banking interest rates equal zero , thus encouraging businessmen to take loans & invest which leads to creating more jobs & goods & development & greatly stimulates the market while still capping & restricting price inflation . This is reflected in the banking monetary system adopted by **Usa & Europe who have reduced the lending Federal & Ecb interest rate to almost zero adding only a minor percentage to cover loan administrative expenses & this is compliant to the islamic requirement of non-usury** .Unfortunately , the so called “Islamic banks “ have not adopted the Islamic view of lending at zero interest rate so as to solve the problems of needy persons & stimulate economy & they just circumvented this Islamic principal & added a high amount over the loans under the name of “fees “ or other means as a desk paper selling process ...etc

5. If any needy person had compelling reasons to borrow money under terms of paying interest to the lender , then in my opinion that Allah will –in shaa Allah_ forgive him in accordance to what He said that he forgives the compelled person in Q6;119

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translation “excepting that to which you are compelled”