

**RIBHI AND RIBA**  
**(PROFIT AND USURY (INTEREST))**

**BEING A WRITE UP AS CONTRIBUTION TO THE**  
**FIRST FOLLOW-UP EDITION,**  
**1<sup>ST</sup> WORLD CONFERENCE ON RIBA**  
**KUALA LUMPUR**

**MALYASIA**

**BY**

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## **RIBHI AND RIBA (PROFIT AND USURY (INTEREST))**

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ، الْحَمْدُ لِلَّهِ الَّذِي أَحَلَّ الْبَيْعَ وَحَرَّمَ الرِّبَا  
وَالصَّلَاةَ وَالسَّلَامَ عَلَى أَشْرَفِ الْأَنْبِيَاءِ وَالْمُرْسَلِينَ سَيِّدِنَا مُحَمَّدٍ الَّذِي  
لَعَنَ آكِلَ الرِّبَا وَمُوكِلَهُ وَشَاهِدِيهِ وَكَاتِبَهُ

In the name of Allah, the Most Gracious, the Most Merciful. All praises and thanks are due to Allah who has permitted trade and forbidden usury. And may the peace and blessings be upon the most honored of the Prophets and Apostles, our leader Muhammad who, it is said; "has cursed the one who takes interest, the one who pays it, the one who witnesses the contract and the one who writes the contract." (Sunan Ibn Maajah hadith no. 2277)

Brothers and sisters in Islam, we express our delight and gratitude to Allah, Subhanahu wa ta'ala for gathering us here at the instance of the International Islamic University Malaysia (IIUM) in conjunction with Thinkers Trend Resources which has organized this 1<sup>st</sup> world conference on Riba in this sacred month of Dhul-Qa'dah 1431 A.H (November 2010)

With the imminent collapse of the hitherto global financial system and its implication for the so called developing nations of the world especially the Muslim countries, the need to construct, adopt and propagate alternative and stable financial system based on the divinely revealed Books can never be over emphasized. However, our concern should be living a life, nationally and internationally, in obedience to our creator for our good here and in the hereafter, by avoiding all practices that are repugnant to the commandment of our creator in all our daily transactions as He says in the Glorious Qur'an:

***"Those who devour usury will not stand except as one whom the evil one by His touch hath driven to madness. That is because they say: "Trade is like usury," but Allah hath Permitted trade and forbidden usury. Those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for Allah (to judge); but those who repeat (the offence) are companions of the Fire: They will abide therein (for ever)". Q.2:275-276.***

Our discussion today is focusing on two adjacent as well as opposing terminologies: Ribhi and Riba. The dichotomy of the terms can be expressed thus: They are mutaqaribain as well as mutabaa'iaain (they are close but separate). They are alike but diametrically opposed to each other. One is halal (lawful) and the other is harmful (forbidden).

One is phonetically perfected and sound while the other is defective and unbalanced.

One is in arithmetical progression and the other is in geometrical retrogression.

One is Islamic and the other is devilish or satanic.

One is praiseworthy and rewardable while the other is blameworthy and punishable.

One is blessed with happiness and felicity while the other is in spiritual bankruptcy, misery and torture.

One is peace and life while the other one is war with Allah and therefore death.

Unfortunately, one has become scarce while the other one is not only common and rampant, but has become unavoidable order of the day, and have caused the current world financial crisis.

The terms are Ribhi and Riba representing profit and profiteering. Profit simply means increase in capital through trade. This is permitted in Islam. Allah Subhanahu wa ta'ala says:

***"O ye who believe! Eat not up your property among yourselves in vanities: but let there be amongst you trade by mutual good-will." (Q.4:29)***

***For the iniquity of the Jews we made unlawful for them certain (foods) good and wholesome which had been lawful for them; - In that they hindered many from Allah's Way.***

***That they took usury, though they were forbidden; and that they devoured men's substance wrongfully; - we have prepared for those among them who reject Faith a grievous punishment. (Q.4:160-161)***

***And whatever you lend out for increase through the property of (other) people, will have no increase with Allah. (Q.30:39)***

Riba (usury or interest) simply means increase in repayment. This is forbidden.

Historically speaking, Riba as in the Jahiliyya period is a system of lending money. When the borrower returns the money at a fixed time he gives back the capital and also a fixed and agreed percentage of interest.

The two terms now seem to mean the same i.e. increase in capital. However, while increase in capital for profit is through

trade which involves labor and risk; increase in capital for usury is through lending where the person who lends the money takes neither risk nor puts in any labor. Only the borrower takes a risk and again engages labor to bring the interest to the lender. This relationship between profit and interest is vividly illustrated in Qur'an 30:39

***And whatever you lend out for increase through the property of (other) people, will have no increase with Allah. (Q.30:39)***

It is thus the bid to increase ones capital without the corresponding labor, risk, and concern for the second party that leads to lending money on interest. Interest is therefore a harmful economic practice and has been made unlawful by the Qur'an and Sunnah.

By extension according to Islamic scholars, any increase of wealth sought through illegal means such as bribery, profiteering, fraudulent trading e.t.c., individually, co-operations, nationally and internationally, it is Riba, unlawful and condemned so long as it is at other people's expense. Profits should be sought through one's own exertions and expense, not by exploiting other people or at their expense.

Succinctly put in the words of Abdullahi Yusuf Ali and as it finds exposition in the Book- Risalah; Riba is undue profit made, not in the way of legitimate trade, out of loans of gold and silver (money), and necessary articles of food, such as wheat, barley, dates, grains and salt.

The Glorious Qur'an condemns and prohibits interest in about nine verses as follows:-

***"Those who devour usury will not stand except As stand one whom the evil one by His touch hath driven to madness. That is because they say: "Trade is like usury," but Allah hath Permitted trade and forbidden usury. Those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for Allah (to judge); but those who repeat (the offence) are companions of the Fire: They will abide therein (for ever)." (Q.2:275***

***"Allah will deprive usury of all blessing, but will give increase for deeds of charity: for He loves not creatures ungrateful and wicked." (Q.2:276)***

*"O ye who believe! Fear Allah, and give up what remains of your demand for usury, if ye are indeed believers. If ye do it not, take notice of war from Allah and His Messenger. but if ye turn back, ye shall have your capital sums: Deal not unjustly, and ye shall not be dealt with unjustly.*

*If the debtor is in a difficulty, grant Him time till it is easy for Him to repay. but if ye remit it by way of charity, that is best for you if ye only knew."* (Q.2:278 – 280)

Hadith is equally emphatic and stern against Riba. It condemns not only those who devour riba but also those who give and in fact, any one who deals in it. Thus, the witnesses and the writers of transactions involving riba are all condemned, cursed and worthy of the punishment of Allah. In Quranic terminology, they are at war with Allah and His Messenger. The following Ahadith suffice admonition for us:

عن عبد الله بن مسعود أن رسول الله صلى الله عليه وسلم  
لعن آكل الربا وموكله وشاهديه وكاتبه

*"Abdullahi bn Masud related that the messenger of Allah has cursed the one who takes interest, the one who pays it, the one who witnesses the contract and the one who writes the contract." (Ibn Majah Hadith 2277)*

إذا ظهر الربا والزنى في قرية فقد أحلوا بأنفسهم عذاب الله

*"When riba and fornication appear in a community, the people of that community render themselves deserving of the punishment of Allah."*

عن أبي هريرة، قال: قال رسول الله صلى الله عليه وسلم: الربى  
سبعون حوباً. أيسرها أن يئكح الرجل أمه

*Abu Hurairah related that the prophet (S.A.W) said: Riba has seventy forms, the simplest of which is like a man performing sex with his own mother. (Ibn Majah, Hadith No. 2274)*

### **Why Riba is prohibited**

The bases of the prohibition of Riba are undoubtedly the concern Islam has for the moral, social, and economic welfare of mankind. Riba negates the human sympathy which is a principle in Islam and sympathetic feeling towards those in distress. Certainly, riba in all its ramifications of whether on loan or other forms of transactions, high or low interest rate, involving individual as nation; carries with it harmful effects and disadvantages.

1. It is misappropriation of people's property. A person who lends money as an investment is guaranteed his money back

plus a fixed interest which he does not work for. Socially then, it is an exploitation of the poor by the rich.

2. It promotes and inspires selfishness deprived of all sympathetic feelings. The lender or dealer in transaction of riba would not hesitate to reduce his victim to the last straits if thereby he might add a cent to his thousands.
3. Morally, Riba discourages goodness to one another and weakens the feeling of good will and friendliness between the poor and the rich
4. Economically, riba promotes habits of idleness and prevents working to earn money and benefits of risking capital for business in trade and industry.
5. Another dimension of the above is that it causes inflation since the cost of riba must be added to the cost of production. This contributes to the highly unbearable cost of living.
6. Politically at international level, riba leads to a state of permanent debt whereby the rich lending nations exert direct or indirect control over the poor borrowing nations who become like beggars.

The harmful effects and disadvantages of riba outlined above simply explain our present societal social order. Some members of the society are reduced to penury while others pauper at their expense. The strong benefit from the suffering of the weak. The rich are increasingly getting richer and the poor poorer. Conclusively, while helping those in distress is

the object of Islam, reducing them to further straits is the end of Riba. Hence it is "war" with Allah and his Messenger.

Islam is not opposed to lending money for investment in business. However it should be free of riba and based on shared risk which entails sharing of either profit or loss. Furthermore, on the strength of our definition of Riba and profit, a muslim in his economic life must avoid all harmful practices like hoarding, gambling, all forms of deception, fraud (Tatfif), selling goods not yet possessed, selling at a risk, selling goods with hidden defects like overrating or misrepresenting commodity by smooth talk or adulteration of the commodity, mixing good things with bad or concealing something about it which if known should make the buyer refuse the commodity or take it only at a lower price.

On the exchange of food stuffs, according to Khalil bn Ishaq (in Mukhtasar) any profit or advantage gained in the exchange of foodstuffs is considered riba and, as such, prohibited. They can only be exchanged for their exact equivalents by a direct exchange without postponement of payment. Such articles of food are those that constitute the daily subsistence of mankind and which can be preserved (though there are different opinions as regard their being capable of being preserved) like wheat, barley, millet, maize etc.

A popularly practice of an alternative condition that the price is to be so much for ready money or so much for credit is prohibited and covers what is known as hire purchase. (example of

transporters on fares and even kicking against introduction of many vehicles into the transport business.)

Now coming back to the specific issue of Riba especially as brought to bear by the modern material civilization of the west which has made riba seem to be unavoidable. The prophet is reported to have said,

عَنْ أَبِي هُرَيْرَةَ, قَالَ: قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: "لِيَأْتِيَنَّ عَلَى النَّاسِ زَمَانٌ لَا يَبْقَى مِنْهُمْ أَحَدٌ إِلَّا أَكَلَ الرَّبَا، فَمَنْ لَمْ يَأْكُلْ أَصَابَهُ مِنْ غِبَارِهِ"

"A time will come over people when not a single person will remain who does not swallow down riba, and if there is any one who refrains from it, still its vapor (or dust) will overtake him". (Ibn Maajah hadith number 2278). Such is the time we are living. The solution is the Islamic banking which is interest free. It is our duty to establish Islamic banks based on a co-operative system in which capital and labor are shares in profit as well as in loss. Unfortunately our well – to – do Muslims are still in slumber or rather they are driven by contumacy as to neglect and turn against Islam.

Brothers and sisters, even in Christianity riba is prohibited as in the bible (Luke 6:34 - 36) where it was stated "And if you lend to those from whom you hope to receive, what credit is that to you? Even sinners lend to sinners, to receive as much again. But love your enemies, and do good, and lend, expecting nothing in return; and your reward will be great..."

However, for those of us who are victims of circumstance living in the era of unavoidability of riba and its clutches, who

overtly or covertly, directly or indirectly, deal in riba or being dealt with by riba; our recourse is to the principle of Darurah. We must nevertheless be very vigilant and critical in our economic life to avoid the avoidable in terms of riba, and if we become face to face with the unavoidable 'ribacious' dealings where we are driven by pressing need to borrow money on interest, then we must reexamine our state and satisfy the conditions of Darurah as summarized by Yusuf Al-Qaradawi. This is the position the generality of Ulama have taken.

1. The need must be real, not merely an extension of the scope of one's needs and the desire for luxury. It must be so basic that life is not possible without it, for example, food, clothing, and medical treatment. Allah says:

فَمَنْ اضْطُرَّ غَيْرَ بَاغٍ وَلَا عَادٍ فَلَا إِثْمَ عَلَيْهِ إِنَّ اللَّهَ غَفُورٌ رَحِيمٌ

*"But if one is forced by necessity, without willful disobedience, nor transgressing due limits, then is he guiltless, for Allah is oft-forgiving Most Merciful. (Q.2:173 )*

2. This concession is limited to the exact amount needed. Thus, for example, if ninety dollar is sufficient, borrowing one hundred dollar is not lawful.

3. The individual must continue to search for ways to escape from the predicament. Seeking help from Muslim brothers. Meanwhile there should be no intention of liking it or transgressing the bounds of Allah, while hoping for forgiveness from Allah, as indeed He is Forgiving and Merciful.

4. We must continue to hate it and regret doing it until Allah opens a way out for us.

At this juncture, the way forward is for the Muslim Ummah of various Muslim countries to unite and cooperate in pooling her resources together for the purpose of establishing Islamic financial institutions by way of interest – free commercial banks, Community banks, Mortgage houses and cooperative and credit societies. These institutions do not necessarily have to be nation-wide, public-quoted companies, but instead, small and medium – sized local banking institutions. Such credit union and cooperative societies like the one established in the Federal Polytechnic Bida in Niger state of Nigeria could be up-graded to handle deposits, provide interest-free loans, finance businesses, collect and distribute Zakat etc. Eventually, in no distant future we should be able to have commercial establishments like super markets, shopping complexes, etc. which will in turn fund basic institutions essential to the development of a viable Islamic community. Contemporary success story of interest-free banking system around the Muslim world should be studied with a view to adopt and adapt them to other Muslim countries like Nigeria.

Summarily, what we have attempted in this small paper is a reminder of what Islam says about profit making and avoidance of Riba. The workings and harmful effects of Riba were briefly explained as analyzed by our Islamic scholars. Verses of the Qur'an and Ahadith of the prophet (P.B.U.H) were quoted to serve as admonishment for us on the wake of the prevalent usurious socio – economic disorder of the day. And given the

universality of the malady, we have humbly suggested the  
antidote in-sha Allah. May Allah forgive us and guide us aright.  
May He strengthen our faith in living a pious life?

*Assalamu Alaikum*