101657 - Taking part in a knowledge quiz in return for an expected prize

the question

I arrange a knowledge quiz twice monthly, its description is as follows:
1- Each competitor sings up by paying100 SR. This gives him the right to participate in the competition for life’s time.
2- I use this money gathered by singing up in successful projects. Then I distribute the profits to the competitors, I do not give profits from the actual money gathered by signing up.
3- I give a prize values 5000 SR to every winner. Winners are 3 in every 1000.

Detailed answer

Praise be to Allah.

It is not permissible to organize this quiz or to take part in it, because it is based on riba. The money that is paid to you is considered to be a loan, not a deposit, because a deposit is preserved as is, and is not disposed of, whereas a loan means taking the money and giving something else back in return, and if the loan brings some stipulated benefit to the lender, then it is riba. The benefit in this case is winning a prize; were it not for that people would not give their money to you.

It should be noted that what you are doing is the essence of what in some countries is called “group (C) investment certificates” with one difference, which is this knowledge quiz, but that does not change anything, because the aim in giving the money is to win the expected prize.

The scholars of the Standing Committee for Issuing Fatwas were asked: Here in Egypt we have investment certificates that are sold by the banks, and they are called “group (c)” and bear no interest, i.e., if you buy a certificate, then you want to return it even ten years later or more or less, you are given back the same price as you paid for it. After that the computer draws the number of one of the certificates that have been sold nationwide, and this is the first prize. There

is also a second prize, and a third, up to more than 400 prizes. The first prize winner gets twenty thousand pounds. I want to know: if I buy these certificates then I am one of the winners, is it permissible for me to take this money or not? Would I be committing a sin?

They replied:

What you have mentioned in your question about the investment certificate is a kind of gambling or lottery and it is haraam. In fact it is a major sin, according to the Qur'aan and Sunnah and scholarly consensus. End quote.

Fataawa al-Lajnah al-Daa'imah (13/305).

Dr. 'Ali al-Saloos said in his book Mu'aamalaat al-Bunook al-Hadeethah fi Daw' al-Islam, p. 38:

The riba-based bank has put the certificates into three categories, and made the first different from the second so as to attract the largest possible number (of customers); and in the third category it went even further, by taking the total amount of interest and dividing it into various amounts, the number of which is far less than the number of lenders, then it distributes these amounts, which it calls prizes, by means of a draw! So we may find a person who gave a small loan winning thousands of pounds, whilst the one who lent thousands does not get anything. The former takes his share of the riba and the shares of many others, whilst the share of the latter goes to someone else. Every time the money is allocated they watch for it, and one emerges happy with what he has won whilst another is grieved by what he has missed out on, and waits for the next time. Is this not gambling? The riba-based bank has resorted to gambling with riba! So the one who is not tempted by his share of riba in the first two categories may gamble with his share by investing in the third. So isn't group (c) worse than the others? End quote.

If you want to earn halaal and blessed provision, which is what we hope is the case, then you can agree with this group of people to invest their wealth, and they will have this great share of the profits and you will have the rest, so long as their capital is not guaranteed, rather if there is a loss with no negligence on your part, they will lose their money and you will have lost your efforts, but if there is a profit it will be shared out among all of you according to the agreement.

This is obviously subject to the condition that you invest the money in permissible projects.

We ask Allaah to help and guide us and you.

And Allaah knows best.