1507 - Why Is Interest Haram?

the question

As we know interest is haram in Islam but can you please tell me why it is haram? I have some money but I don't know how to invest the money. There is someone who knows how to manage this money if I gave him my money and fix some amount for him as interest. We both agree on this and we are both pleased with this decision. Is it still haram? If yes, then can you please explain it for me?

Summary of answer

Riba (interest) is haram because Allah has forbidden it. Mutual consent to commit a haram deed does not make it halal. So accepting interest does not make it permissible.

Detailed answer

Praise be to Allah.

Why is interest haram?

Riba (which means adding something extra to certain products, like selling gold for gold, or by not receiving something when a contract is signed, or paying extra in return for extension of a loan) is haram because Allah - Who rules as He wills - has forbidden it. No one can ask Him about what He does; He is the One Who will ask people about what they did, on the Day of Resurrection. Allah has explained that riba is haram, and warned those who do not give it up, in the verses (interpretation of the meaning):

"O you who believe! Be afraid of Allah and give up what remains (due to you) from riba (usury)

(from now onward), if you are (really) believers. And if you do not do it, then take a notice of war from Allah and His Messenger . . ." [al-Baqarah 2:278-279]

Does accepting riba make is halal?

One of the most important points to remember about Islamic Shari`ah - and this is one of the major differences between Shari`ah and earthly jahili laws - is that mutual consent to commit a haram deed does not make it halal.

If a man and a woman agree to commit zina (fornication or adultery), it does not become halal.

If a businessman agrees with the bank to deposit a sum of money in the bank and take interest on it, or to take out a loan and pay interest on it, that does not make such transactions halal. Things that are haram will remain so until the Day of Judgement.

Man is ignorant and inclined to do wrong. He may not even know what is in his own interests or in the interests of others, so he may do things that harm himself or others.

You state in your question that you want to give some money to a person to invest it, in return for something. There is nothing wrong with that if it is done in accordance with Shari`ah, which includes a contract of silent partnership - i.e., you give money to someone to do business on your behalf, in return for an agreed percentage of the profits.

According to Shari`ah, a contract of silent partnership includes the following:

- The one who receives the money for investment is not permitted to guarantee the capital and is not expected to repay it except in cases of recklessness or negligence.
- In the event of loss, the investor loses his capital and the one who took the money loses the time and effort invested.

May Allah help you and us to earn a halal income.

And Allah knows best.