303336 - Ruling on dealing with forex and avoiding leverage

the question

I sent a question before, about dealing with the forex and avoiding leverage, and avoiding delayed payment. But you told me that immediate exchange is not possible in the forex, and after some research, I found that with the Exness company, the money will be withdrawn immediately to the online bank, such as Skrill Bank. But the problem is that the minimum leverage is 2, i.e., double, but it is possible to avoid leverage manually, by not setting up a deal of which the size is greater than the size of your wealth. What is the ruling on dealing in this manner?

Detailed answer

Praise be to Allah.

Firstly:

Using financial leverage when dealing with an organisation means taking a loan from that organisation, hence there are two things that are prohibited in this case:

i. Taking what is called the installation fee, because it is a stipulated increase on the loan, therefore it is riba.
ii. Doing transactions through this organisation, for which it will charge a fee, because this is brokerage. It is not valid to combine a loan and brokerage, or any other type of transaction, because the Prophet (blessings and peace of Allah be upon him) said: “It is not permissible to arrange a loan combined with a sale.” Narrated by at-Tirmidhi (1234), Abu Dawud (3504) and An-Nasa’i (4611); classed as sahih by at-Tirmidhi and al-Albani.

The Islamic Fiqh Council issued a statement prohibiting trade in margins or the forex system. Please see the text of this statement in the answer to question no. 106094 .

The reasons for the prohibition mentioned by the council are:

1. What it involves of blatant riba, which comes in the form of paying something additional to the loan, which is called installation fees. This comes under the heading of riba, which is prohibited.
2. Combining a loan with another type of transaction.
3. Not doing the exchange immediately in deals in which that is required, such as selling currencies and gold and silver. This comes under the heading of riba an-nasi’ah.

The council said: Buying and selling currencies is usually done without the exchange taking place immediately in such a way that one will have access to the funds straight away, as prescribed in Islamic teachings. End quote.

Based on that:

If you dealt with your money only, and did not use financial leverage, then you have avoided both infractions.

If the exchange was done in the meeting in which you bought the currencies, then the transaction is permissible, because it is free of infractions.

And Allah knows best.