87656 - Ruling on the fee for a bank transfer

the question

I went to a bureau de change in Tripoli and asked them to transfer $15,000 to Dubai. They asked me to give them the $15,000 in addition to 150 dinars, on the basis that this was a transfer fee. Is this transaction permissible? Please give a detailed answer.

Detailed answer

Praise be to Allah.

Firstly:

This kind of service or bank transaction is called a transfer (hawaalah), which the scholars defined as instructions from a bank or financial institution, at the customer's request, to another bank or financial institution in the same country or elsewhere – and it may be a branch of the same bank – so that the bank to which the transfer is made will pay a certain amount of money to a specific, named individual. The transfer procedure usually involves changing from one currency to another.

This bank transfer is not a loan given to the bank by the customer, and it is not hawaalah in the technical, fiqhi sense, which refers to transferring a debt owed to one person to another person. The customer's aim in this transaction is to transfer money that is in his possession to that particular place; he appoints the bank or financial institution to transfer it and pays a fee for that transfer.

Shaykh Dr. Yoosuf ash-Shubayli (may Allah preserve him) said:

The fee that the customer pays to the bank is permissible, because it is in return for the bank acting on behalf of the customer in transferring his money to the other city or country. Transferring the money is the purpose of this procedure from the outset, and the fee is not in

return for hawaalah [transfer of debt] or a loan.

With regard to it not being in return for hawaalah [transfer of debt], that is because the customer does not intend to transfer payment of a loan that he gave to the bank to the bank to which the money is transferred, as is indicated by the fact that hawaalah in the technical, fiqhi sense is intended to help the one who asks for the debt to be transferred, therefore the request to transferr the debt comes from the debtor, so he is the one who asks the lender to transfer the debt to a third party. In the case of a bank transfer, however, the request comes from the lender (the one who is transferring the money). With regard to the fee not being in return for a loan, that is because in this case it is the bank that is borrowing, not the lender. The fee that is prohibited according to Islamic teaching is the fee that is charged by the lender.

Based on that, the fee that is charged by the bank in return for transferring the money is permissible, whether it is a percentage of the amount transferred or is a fixed fee. End quote.

Fiqh al-Mu'aamalaat al-Masrafiyyah (32).

It says in Qaraaraat Majma' al-Fiqh al-Islami (1/88 – ninth session):

With regard to transfers in which money is paid in one currency, and the one requesting the transfer wants to transfer it in the same currency, that is permissible according to Islamic teachings, whether that is done for no fee or is done in return for a reasonable fee.

If it is done in return for a fee, it is to be regarded as appointing someone to do something in return for a fee. If those who do these transfers work for people in general [i.e., not only for one person], then they are liable for the money they transfer, in accordance with the principle that a person who is hired to do work for many people is liable. End quote.

And Allah knows best.