95138 - Ruling on tawarruq involving shares via al-Raahiji

the question

What is the ruling on tawarruq involving shares as offered by the al-Raajihi Bank?.

Detailed answer

Praise be to Allah.

The tawarruq that is offered by banks nowadays is of two types:

1 – True tawarruq, which is where a person buys an item to be paid for at a later date, then he sells it – to someone other than the person from whom he bought it – for cash at a lower price. This transaction is called tawarruq which is derived from al-wariq, meaning silver, because the purchaser does not want the product per se, rather he wants cash.

This transaction is permissible according to the majority of scholars.

2 – What is known as organized tawarruq through the bank. In this case the bank buys the item, then sells it to the customer by instalments, without the bank taking possession of the item before selling it. The customer then delegates the bank to sell the item for a lower price, but the customer does not take possession of the product either, or even see it; he is not interested in it in most cases, rather what he wants is cash. This form of tawarruq is haraam, but it is widespread nowadays, and some banks offer this on the basis that it is a legitimate form of tawarruq. A number of scholars have issued fatwas stating that it is haraam, and the Islamic Fiqh Council has also issued a resolution stating that it is haraam.

Secondly:

Dr. Yoosuf al-Shubayli (may Allaah preserve him) has stated that the national tawarruq program involving shares offered by al-Raajihi comes under the heading of true tawarruq that is

permissible.

But we have stated previously that subscribing to the national program depends on whether it is limited to purchase of pure (halaal) shares. See the answer to question no. 73296.

Based on that, if you want to do tawarruq via this program, then you should stick to buying pure (halaal) shares, via al-Raajihi, by instalments, then sell them after that, so that you can get cash.

And Allaah knows best.