



12397 - Retirement lump sum for a bank employee

the question

One of our friends is asking about his father who works in a interest-based bank and is about to retire. He will be given a lump sum at the end of his career from the money of this interest-based bank. What is the ruling on this lump sum? What is the ruling on the pension that he will receive after retirement? (Please note that the retirement pension will be paid to him monthly from the social security fund, which is a body which receives payments made by the employer – the bank in this case – and compulsory deductions from the employee towards the pension).

Detailed answer

Praise be to Allah.

Our shaykh ‘Abd al-‘Azeez ibn Baaz (may Allaah have mercy on him) was asked about the payment of a lump sum upon redundancy for an employee of a interest-based bank. He replied that it is permissible for him to take something in return for the period that he worked in the riba-based bank before he knew that it was haraam, and that it is not permissible for him to take anything for the period when he worked and was aware of the prohibition.

For example, if we suppose that he worked for 30 years in the bank, and he did not know for 20 years that his work was haraam, then he came to know of the ruling, but he continued to work for another 10 years, then he may take (a lump sum) in return for the twenty years, but not for the last ten years.

With regard to his children, it is permissible for them to take what they need from their father even if his earnings are haraam, because his spending on them is obligatory, and the sin is on him only. But they should advise him and not take too much. And Allaah knows best.