249071 - He wants to take out a loan with interest to set up a business that will benefit poor Muslims

the question

Im involved in the initiation and coordination of an international based trade amongst different parties, whereby the funding is to be financed by a bank charging interest. The apparent material benefit is collossal to the poor Muslims if it succeeds. Is it halal for me to do so.

Detailed answer

Praise be to Allah.

Dealing with interest is a major sin, concerning which there is a stern warning and threat to the one who does that.

Allah, may He be exalted, says (interpretation of the meaning):

“O you who believe! Fear Allah and give up what remains (due to you) from Ribaa (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 but if you repent, you shall have your capital sums. Deal not unjustly (by asking more than your capital sums), and you shall not be dealt with unjustly (by receiving less than your capital sums)”

[al-Baqarah 2:278-279].

And Allah, may He be exalted, says (interpretation of the meaning):

”Those who consume Riba will not stand (on the Day of Resurrection) except like the standing of a person beaten by Shaytaan (Satan) leading him to insanity. That is because they say: ‘Trading is only like Riba,’ whereas Allah has permitted trading and forbidden Riba. So whosoever receives an

admonition from his Lord and stops consuming Riba, shall not be punished for the past; his case is for Allah (to judge); but whoever returns (to Riba), such are the dwellers of the Fire — they will abide therein.

Allah will destroy Riba and will give increase for Sadaqaat (deeds of charity, alms). And Allah likes not the disbelievers, sinners."

[al-Baqarah 2:275-276].

Muslim (1598) narrated that Jaabir (may Allah be pleased with him) said: The Messenger of Allah (blessings and peace of Allah be upon him) cursed the one who consumes riba and the one who pays it, the one who writes it down and the two who witness it, and he said: they are all the same.

So it is not permissible for the Muslim to take out a loan with interest and oppose Allah, may He be glorified and exalted, even if that loan is for the purpose of doing a righteous deed, such as building a mosque or a school for memorisation of Qur'an, or to help the poor and needy, and the like. For Allah is Good and does not accept anything but that which is good.

Riba is one of the gravest of prohibited things, so it is not permissible for a Muslim to take the matter lightly or to do it, whether that is for the purpose of helping poor Muslims or any other cause.

Ibn al-Qayyim said: The prohibition on Riba an-Nasee'ah [which means that the amount of debt is increased when the debtor is unable to pay off the debt at the appointed time and requests extra time in which to pay it off] comes under the heading of prohibition of ends that are in and of themselves haraam; the prohibition on riba al-fadl [which refers to when similar commodities are exchanged unequally, such as one measure of dates for two measures of a different quality of dates] comes under the heading of prohibition of means. Hence no kind of riba an-nasee'ah is permitted. See: I'laam al-Muwaqqi'een (2/107).

Riba an-nasee'ah is the basis on which banks operate (lending with interest).

Seeking to do good and righteous deeds, and to bring relief to the poor and needy, cannot be

achieved by indulging in sin and evil. A small amount of blessed and halaal trade is better than a great deal of riba that is subject to destruction. Allah, may He be exalted, says (interpretation of the meaning):

“Allah will destroy Riba”

[al-Baqarah 2:276].

It was narrated in Musnad al-Imam Ahmad (3672) from Ibn Mas‘ood (may Allah be pleased with him) from the Prophet (blessings and peace of Allah be upon him): “And no person who acquires wealth from haraam sources and spends from it will be blessed in it, and if he gives it in charity it will not be accepted from him, and if he leaves it behind, it will be his provision on his journey to Hell. Allah, may He be glorified and exalted, does not erase a bad deed by means of another bad deed; rather He erases bad deeds by means of good deeds. Evil does not erase evil.”

Classed as saheeh by ar-Daaraqutni in a mawqoof report. See Haashiyat Tahqeeq al-Musnad, ar-Risaalah edn. (6/189).

The scholars of the Standing Committee for Issuing Fatwas were asked: there is a man who has some money, and he wants to put it in a bank. He knows that the bank will give him some interest, but he is aware that this extra money is riba and is haraam. If he leaves it, the bank will take it and make use of this riba. Is it permissible for him to take the riba and give it to some poor families without seeking any reward, only so that the families will benefit from this money, because they are in urgent need of money, and that would be instead of the bank making use of it?

Answer:

It is not permissible to put money in riba-based banks with the aim of taking the interest, no matter for what purpose, because Allah has prohibited riba and has issued a stern warning against it, and the Prophet (blessings and peace of Allah be upon him) cursed the one who consumes it, the one who pays it, the two who witness it and the one who writes it down. So it is not permissible

to take it with the intention of giving it in charity, because it is evil and haraam earnings, and Allah is Good and does not accept anything but that which is good.

End quote from Fataawa al-Lajnah ad-Daa'imah, 13/355.

And Allah knows best.