30798 - Putting money in riba-based banks

the question

I am a woman and I have a lot of money that I inherited. I am spending on my house, food, college fees and arranging marriages for my children. My husband is a police officer, but his salary is not enough for us to live comfortably without any financial difficulties. I put all my inheritance in the bank and we are living on the interest. Is the way I am spending it counted as zakah or do I have to pay zakah too? How much is the zakah on the interest or the capital?.

Detailed answer

Praise be to Allah.

1 – Putting money in riba-based banks and taking the riba (which is called “interest”) is haram and is a major sin.

The scholars of the Standing Committee said:

Firstly:

The profits which the bank pays to depositors on the sums of money that they deposit in the bank is regarded as riba (usury, interest) and it is not permissible for him to benefit from these profits. He has to repent to Allah from depositing money in riba-based banks, and withdraw the money he deposited and the interest. He should then keep the capital and spend the interest on charitable causes to help the poor and needy, to provide facilities and so on.

Secondly:

He should look for a way that avoids dealing in riba, even if it is investing in a store, and put his money there as a mudaarabah transaction, on the basis that he will have a set share of the profits, such as one-third, or he should put the money there for safekeeping, without getting any

interest."(Fatawa Islamiyyah, 2/404)

What is meant by mudaarabah (silent partnership or limited partnership) is when two people cooperate, one by contributing money and the other by doing the work, and the profits are shared between them according to whatever agreement they reached.

Shaykh ‘Abd al-‘Azeez ibn Baz (may Allah have mercy on him) said:

Undoubtedly dealing with banks that deal with riba is not permissible, because that is helping them in sin and transgression. Allah says (interpretation of the meaning):

“Help you one another in Al-Birr and At-Taqwa (virtue, righteousness and piety); but do not help one another in sin and transgression”[al-Maa'idah 5:2]

And it was proven that the Prophet (peace and blessings of Allah be upon him) cursed the one who consumes riba, the one who pays it, the one who records it and the two who witness it, and he said, “They are all the same.” This was narrated by Muslim in his Saheeh.

With regard to putting money in riba-based banks with a monthly or annual interest payment, this also comes under the heading of riba which is haram, according to scholarly consensus. As for putting it in the bank without interest, in order to be on the safe side it is better not to do that except in case of necessity if the bank deals with riba, because putting money in the bank, even if you do not take interest, is still helping them to do riba-based transactions, so there is the fear that the one who does this will come under the same heading as those who cooperate in sin and transgression, even if that is not what he intended. So we must beware of that which Allah has forbidden and look for the right way to keep our money and dispose of it. May Allah help the Muslims to do that which will lead to their happiness and glory and success. May He make it easy for them to quickly establish Islamic banks that are free from riba-based transactions, for He is able to do that. May Allah send blessings upon our Prophet Muhammad and his family and companions."(Fatawa Ibn Baz, 4/30, 31)

2 – What a mother spends on her children does not count as zakah, because if a father is unable to

spend on his children, the duty to do so passes to the mother, if she has the means. Al-Mughni, 11/373

If the mother is obliged to spend on her children and they become independent of means because of this spending, then it is not permissible to give them zakah.

3 – The money should be withdrawn from the riba-based bank quickly, and it is not permissible for you to benefit from any of the interest, rather you have to get rid of it by spending it in any charitable way. The interest that you took before is forgiven, if you took it because you were unaware of the Islamic ruling.

Shaykh ‘Abd-Allah ibn Jibren said:

You have to repent for the riba that you consumed that was given to you by the bank in the name of interest, but you do not have to dispose of it. Rather it is something that Allah forgives, because He says (interpretation of the meaning):

“So whosoever receives an admonition from his Lord and stops eating Ribaa, shall not be punished for the past; his case is for Allah (to judge)”[al-Baqarah 2:275]

If you take riba after that, then give it to those who deserve charity, whether they are relatives or strangers, so that you may be free of the sin of consuming riba."(Fatawa Islamiyyah, 2/406, 407)

And Allah knows best.