

“WHAT IS ” ” ال رِبَا ” (THE RIBA)? AN ALTERNATE PERSPECTIVE”

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We, the members of Islamic center of Greater Toledo, OH took 3-million-dollar bank loan for initial construction of the mosque in 1981 and also 2.5 million dollars for later expansion of the center contrary to contemporary Muslim mindset against the taking and paying bank interest. I have taken a mortgage for my home, not because I cannot afford to pay up front, but it makes economic sense, and the Qur’an 7:31 demands from me that “...but do not waste: verily, He does not love the wasteful!” Moreover, no new inventions such as modern medicines, computers, smart phones, and other modern amenities would have ever seen the day-light if the venture capitalists and the banks are bound by the “so called Islamic finance doctrine.” The “Islamic financing” companies such as Halal Foundation, Worldwide Riba Free Financing etc would never finance any businesses such as Google, Microsoft, Amazon, in their early extremely risky startup period.

Let me state explicitly: Let there be **no doubt** that the Quran categorically prohibited (“ال رِبَا ” (THE RIBA), “*O you who have believed, do not consume* ” ال رِبَا ” (THE RIBA), ...” (3:130). “*Allah has permitted trade and has forbidden Riba* “ (2:275). Then, what is the rationale for the Islamic Center of Greater Toledo and for me to go against Muslim consensus (*ijma*) on bank interest? It is based upon multiple observations of which 6 are listed below:

1. Muslim consensus gives a special status to cash/ currency as compared to all other assets.
2. Ummar Ibn-Kathab’s statement on “ال رِبَا ” (THE RIBA),
3. conflicting messages from hadiths collections
4. The definition of “ال رِبَا ” (THE RIBA) by eminent early Muslim scholars
5. Definition of The Riba in al-Jāhiliyyah (Pre-Islamic Arabia).
6. The Quran

Muslim consensus gives a special status to cash/ currency as compared to all other assets.

A simplified definition of interest is a **fee** paid by a borrower of **assets** to the creditor as a form of compensation for the use of the assets. Scholarly voices from Muslim countries without free press draw a boundary line between cash and other assets. **It restricts the rent of cash illegitimate or *haraam* and makes the rent of all other assets legitimate or *halaal*. This artificial bifurcation, cash being separated from other assets, is completely baseless due to the following reasoning:**

(A). None of branches of knowledge directly related to assets e.g. accounting, economics and commerce recognize this bifurcation. **Even in ordinary life it is not so, same treatment is given to**

cash and all other assets throughout the world in theory as well as in practice. First, this artificial bifurcation of asset is not admitted throughout the world neither in theory nor in practice and hence does not exist in the real world.

(B). The handpicked religious scholars of the autocratic Muslim countries decreed that assets, which depreciate, could be rented. So, all assets that are depreciated with the passage of time can be given on rent. But this rule is not admitted in the case of cash / currency, even though currency is also depreciated with the passage of time due to inflation. Hence here also the unnatural division is a completely irrational and self-contradictory concept.

(C). The most important point is that, the Quran is also not ready to accept this baseless concept of artificial bifurcation. The simple proof of this fact is that the Quran has used the term *mal* (مال) for all assets that include cash. Quran has used the word 86 times, but it is never used exclusively for cash anywhere in the Quran. Hence the Quran does not support this strange concept of bifurcation.

According to the so-called "Islamic financing," renting an asset or apartment or other commodity is *halaal* and renting cash *haram*. For example, renting of \$ 100,000 for buying a home at the current 4% yearly interest rate in USA costs \$ 4000 interest per year even without expected 33% annual US tax decrease on it. Renting \$ 100,000 worth apartment costs the renter about 500 dollar/month = 6000 dollar/year is *halaal*. The renter owes more money to apartment owner than to a bank and still apartment renting is *halaal* and renting currency is *haram*!!

Islam's position regarding justice is unequivocal and universal. "*O ye who believe! Stand out firmly for justice, as witnesses to Allah, even as against yourselves, or your parents, or your kin, and whether it be (against) rich or poor: for Allah can best protect both. Follow not the lusts (of your hearts), lest ye swerve, and if ye distort (justice) or decline to do justice, verily Allah is well-acquainted with all that ye do.*" [Quran 4: 135]. Who is the most just and more honorable in this instance? The one who rents an apartment for more money or a bank that rents the money for less concurrently setting up the money the renter to save and own the home ultimately?

2. UMAR IBN KHATAB (RA): Riba related verse was the last verse revealed and Prophet (S) did not explain it in detail.

Umar delivered a sermon on the pulpit of Allah's Messenger (RA), saying, "Alcoholic drinks were prohibited by Divine Order, and these drinks used to be prepared from five things, i.e., grapes, dates, wheat, barley and honey. Alcoholic drink is that, that disturbs the mind." Umar added, "**I wish Allah's Apostle had not left us before he had given us definite verdicts concerning three matters, i.e., how much a grandfather may inherit (of his grandson), the inheritance of Al-Kalala (the deceased person among whose heirs there is no father or son), and various types of Riba."**

(**REFERENCE:** Ibn Majah, Sunan Ibn Majah, tr. M. T. Ansari (New Delhi, 2000), Book of Inheritance, Vol. 4, #2267).

So, according to Umar Ibn Katab (RA), Prophet (s) did not explain " **الْرِبَا** " (THE RIBA)" and various kinds of riba. Initially let me quote few Hadiths pertinent to our discussion.

A selective reading of **the Set of Hadiths 1-5** below definitely seems to endorse the opinion on ” **ال رِبَا** ” (THE RIBA)” held by most mosque communities that all forms of bank interest are prohibited. But a parallel reading of **the Set Hadith 1-5** and **the Set of Hadith A-E** leads to different or at least six kinds of “holy truths.”

[Initially let me quote the Set of Hadith 1-5 that Muslims use to endorse the stance that all riba or Interest in finance is haraam.](#)

Hadith # 1

“Jabir said that Allah's Messenger (may peace be upon him) cursed the accepter of the Riba and its payer, and one who records it, and the two witnesses, and he said: They are all equal.” (Muslim: Book #010, Hadith #3881)

Hadith # 2.

Narrated 'Aun bin Abu Juhaifa: My father bought a slave who practiced the profession of cupping. (My father broke the slave's instruments of cupping). I asked my father why he had done so. He replied, "The Prophet forbade the acceptance of the price of a dog or blood, and also forbade the profession of tattooing, getting tattooed and receiving or giving the Riba." (Bukhari: Book #34, Hadith #299).

Hadith # 3

From Anas ibn Malik: The Prophet said: “If a man extends a loan to someone he should not accept a gift.” (Mishkat, op. cit., on the authority of Bukhari's Tarikh and Ibn Taymiyyah’s alMuntaqa)

Hadith # 4.

Narrated Abu Burda: When I came to Medina. I met Abdullah bin Salam. He said, "Will you come to me so that I may serve you with Sawiq (i.e. powdered barley) and dates, and let you enter a (blessed) house that in which the Prophet entered?" Then he added, "You are in a country where the practice of Riba is prevalent; so, if somebody owe you something and he sends you a present of a load of chopped straw or a load of barley or a load of provender then do not take it, as it is Riba." (Bukhari: Book #58, Hadith #159)

Hadith # 5

Abu Sa'id al-Khudri (Allah be pleased with him) reported Allah's Messenger (may peace be upon him) as saying: Gold is to be paid for by gold, silver by silver, wheat by wheat, barley by barley, dates by dates, salt by salt, like by like, payment being made hand to hand. He who made an addition to it, or asked for an addition, in fact dealt in the Riba. The receiver and the giver are equally guilty. (MUSLIM: Book #010, Hadith #3854)

Summary of the above hadiths:

1. Any addition over the loaned capital during the term of loan is *haraam*.
2. The Creditor cannot accept, or the debtor cannot offer even a gift because gift become the riba.

The following **Set of Hadiths A-E** challenges and contradicts above **Set of Hadiths 1-5** and its derived conclusions:

Hadith A

Narrated Jabir ibn Abdullah: (1) Narrated Jabir bin 'Abdullah: I went to the Prophet in the mosque (the sub-narrator Mas'ar thought that Jabir had said, "In the forenoon.") He ordered me to pray two Rakat. **He owed me some money and he repaid it to me and gave more than what was due to me.** (Bukhari: Book #8, Hadith #434)

Hadith B

Abu Huraira (Allah be pleased with him) reported: There came a person demanding a camel from Allah's Messenger (may peace be upon him). **He (the Holy Prophet) said: Give him (the camel) of that age or of more mature age and said: Best among you is one who is best in clearing off the debt.** (MUSLIM: Book #010, Hadith #3900)

Hadith C

“Malik related to me from Humayd ibn Qays al-Makki that Mujahid said, "**Abdullah ibn Umar borrowed some dirhams from a man, then he discharged his debt with dirhams better than them. The man said, 'Abu Abdar-Rahman. These are better than the dirhams which I lent you.'** Abdullah ibn Umar said, 'I know that. But I am happy with myself about that.'..." Malik's Muwatta: Book #31, Hadith #31.42.91

Hadith D

Narrated Abu Rafi':
“**The Messenger of Allah (s) borrowed a young camel, and when the camels of the sadaqah (alms) came to him, he ordered me to pay the man his young camel. I said: I find only an excellent camel in its seventh year. So, the Prophet (s) said: Give it to him, for the best person is he who discharges his debt in the best manner.**” (Jami Al- Tirmidhi, Kitab al-Buyu, v.6, #56]

Hadith E

Narrated Al-A'mash: We argued at Ibrahim's dwelling place about mortgaging in Salam. He said, "Aisha said, "**The Prophet bought some foodstuff from a Jew on credit and the payment was to be made by a definite period, and he mortgaged his iron armor to him.**" (Bukhari: Book #35, Hadith #454)

Narrated 'Aisha: **The Prophet died while his armor was mortgaged to a Jew** for thirty Sa's of barley. (Bukhari: Book #59, Hadith #743)

This type of mortgaging or using pawnbroker's service was recognized as Islamically valid and acceptable, as illustrated from this hadith.

Summary of Hadith A-D:

1. Contrary to **the set of Hadiths 1-5** quoted above, **the set of Hadith A-E** shows **the Prophet (s) and Ummar (ra) giving extra amount over and above**

than they borrowed. By the definition of the Muslim scholars of “so-called Islamic financing,” the extra “giving” of Prophet (s) and Ummr (ra) in this instance becomes” **ال رِبَا**” (THE RIBA).

2. It is illogical to believe that the Jew extended loan to Prophet (s) without interest) because Jewish Scripture freely allow the creditor Jew to charge interest: “Thou shalt not lend upon usury to thy brother, usury of money, usury of Victuals, usury of anything that is lent upon usury. Unto a stranger thou mayest lend upon usury....” (Deuteronomy 23: 19-20).

Prophet (s) was well known among his people for honesty long before his prophethood, and used to be called "al-Ameen" (the trustworthy). This is a name that would not be given except to one who was extremely truthful, trustworthy and upright. Despite of Prophet (s) being al-Ameen, Prophet (s) had to mortgage his armor to the Jew to borrow food suggesting that the Jew did not trust Prophet (s). And therefore, it is farfetched to assume that such a Jew offered food to Prophet (s) on credit and did not benefit from the transaction, and if he did, then isn't that riba?

After reading these two sets of Hadiths (1-5 and A-E) following can be stated:

- 1 The two sets of **Hadiths (1-5 and A-E)** on “The Riba” are contradictory and is problematic, and so there are no supporting crystal-clear evidence for the “haraamization” of every kind of interest (riba) in financing business.
- 2 The Set of **Hadith 1-5** is authentic, and **the Set of Hadith A-E** is not and so all interest in the business of finance are *Haraam* (sinful).
- 3 **The Set of Hadith A-E** is authentic, and **the set of Hadith 1-5** is not, and so bank interest (riba) is *Halaal*.
- 4 **The Set of Hadith A-E** is before the prohibition and **the set Hadith 1-5** after the prohibition of the Riba by God and so all forms of riba is prohibited.
(a). There is no definitive information to support the view that **the set of Hadith A-E** is from a time before the revelation of “ **al---Riba (” ال رِبَا** ”. ” The Riba verses were the last revealed and after conquest of Mecca.
- 5 As shown previously, there is no reason to believe that the Jew extended the loan to Prophet (s) without interest (riba) and Prophet (s)’ armor remained mortgaged until his death. As customary in those days, the Jew must have collected the interest (riba) on the loan. Prophet (s) died without recovering the armor by paying the loan. All
- 6 The extra amounts over and above the loaned amount given by Prophet (s) and Ummer Ibn Khathab are good-will gifts, not an obligatory payment, and so, there is no conflict between the two sets of hadith. But the Hadiths 3, 4, and 5 above clearly discredit the argument.
- 5 Yet another inference can be made bonding both sets of Hadiths together. Based on the **two sets of Hadiths (1-5 and A-E)**, “ **al---Riba (” ال رِبَا** ” in the Quran is not synonymous with the extra paid by Prophet (s) and Ummar (ra). The extra payment (interest) over and above the borrowed capital is permissible and at the same time “ **al---Riba (” ال رِبَا** ” is prohibited. It also eliminates artificial contradiction between the two sets of Hadiths. For those Muslims who

uncritically accept every hadith collection as holy truth, such an understanding of the **two sets of Hadiths (1-5-and A-E)** helps to preserve their faith in the authenticity of Sahih Hadiths of Bukhari, Muslim, and of others and protects hadiths collections becoming *da'if* (weak) for them.

The Quran and “al---Riba (” ال رِبَا ”.)”

The Muslim scholars claim that the Qur'an does not define “al--Riba (” ال رِبَا ”.)” This judgment contradicts the Quran. The Quran states that the God spelled out the “*easy to understand Quran*” (54:17) as the “*guide for the pious*” (2:2) to lead “*to the path which is clearer and straighter than any other*” (54:17) by “*clarifying every matter.*” (16:89). Therefore, there is no better source than the Quran “*to clarify every matter,*” including the “al---Riba (” ال رِبَا ”.)”. God’s speech is never redundant or arbitrary. If anyone claims redundancy in a letter and word in the Quran it undermines the divine authority of the *book*. It is impossible to take away or ignore a single word or to even remove single particle from the text without seriously damaging the integrity of its meaning. Likewise, every attempt to restructure the syntax of the text, for example by ignoring or moving a word forward or backward would significantly alter the meaning substantially. **Every letter, word, and its location in the Divine Speech are precise and purposeful. All have a specific function and meaning.** So, let us look at the phrase “al—Riba .

To understand “al---Riba (” ال رِبَا ”) in the Quran, we initially need to define the word, *riba*. According to Lisan Al Arab, a classical Arabic dictionary, the grammatical declination of the noun *riba* is derived from the verse “*raba*” which means “*increased or grew.*” Therefore, any increase in capital can be defined as *riba*. If we do not make clear distinction between generic “*riba*” and “al—Riba (” ال رِبَا ”)”, then an act of making profit out of buying and selling in trade becomes prohibited activity. Therefore, any sort of increase (*riba*) is not “ال رِبَا” (THE RIBA) that is prohibited by *shariah*.

All the verses of the Quran regarding the prohibition of the *riba* mentions it as “al—Riba (” ال رِبَا ”)”, that is with the definite article “al (ال)”. The certainly the definite article, “al (ال)”, here is not indefinite or generic, otherwise every form of monetary increase, such as business profit would have been prohibited. **So, “al (ال)” here means a specific and some special kind of increase that has been prohibited under *shariah*.**

To demarcate “al—Riba (” ال رِبَا ”) from the generic “*riba*,” the Quran assigned two properties to “al—Riba (” ال رِبَا ”). They are:

1. Extortion of people’s wealth by demanding “*doubling or multiplying*” the borrowed capital (Quran 3:130) if the borrower cannot return the capital at the end of the term (See explanation below);
2. “*consuming people's property unjustly*” in verse (4:161). al—Riba (” ال رِبَا ”) has this “*unjust*” character because a Muslim is expected to be kind and compassionate to a fellow being in trouble. **So, based on these Quranic criteria, every kind of *riba* or increase or interest on capital is not al---Riba (” ال رِبَا ”).** al---Riba (” ال رِبَا ”) is the customary practice of doubling or multiplying of the obligation of the debtor if he/she

makes default in the payment at the end of the term of the loan. **Such an assent is backed by many early scholars.**

(A). Imam Fakhr al-Din al-Razi (d. 606) in his Tafsir al-kabir had described very clearly the customary practice of lending and borrowing. He stated that Pre-Islamic Arabs used to charge interest on borrowed money. **But if the borrower could not pay the borrowed capital to the creditor at end of the term of loan, the creditor doubled or multiply the capital owed by the debtor at will for extension of the loan period. This increase is “al---Riba (” ال رِبَا ”**

"As for the *riba al-nasi`ah*, it was a transaction well-known and recognized in the days of Jahiliyyah, i.e., they would advance money on the basis that they will take a specified amount every month until the principal will remain due. Then on the date the debt became due, they demanded the debtor to pay the principal. **If payment became impossible (or hard), they would increase the term and the payable amount. So, this was the riba people practiced in the time of Jahiliyyah."**

(REFERENCE: The Pre-Islamic Arabic Arabia. Dr. Ahmad Shafaat.
<http://www.islamicperspectives.com/Riba2.htm>)

(B). Explaining the meaning of the term used in verse 3:130 (*O you who have believed, do not consume “ al---Riba (” ال رِبَا ” , doubled and multiplied, but fear Allah that you may be successful.*”), Tabari (d.310 AH), the well-known commentator on the Qur’an, says:

“Do not consume “ *al---Riba (” ال رِبَا ”* after having professed Islam as you have been consuming it before Islam. The way pre-Islamic Arabs used to consume riba was that one of them would have a debt repayable on a specific date. **When that date came the creditor would demand repayment from the debtor. The latter would say, ‘Defer the repayment of my debt; I will add to your wealth.’ This is the riba which was doubled and redoubled.”**

(REFERENCE: Tabari: Jami’ al-Bayan fi Tafsir al-Quran Vol. IV page 59. quoted in A. Saeed, Islamic Banking and Interest: A Study of the Prohibition of Riba and its Contemporary Interpretation (New York, 1996), p.22

(C). The way in which riba was doubled and redoubled in the pre-Islamic period is expressed by the son of Zayd b. Aslam (d.136 AH) as follows:

“**The Riba in the pre-Islamic period consisted of the doubling and redoubling [of money or commodities], and in the age [of the cattle].** At maturity, the creditor would say to the debtor, ‘Will you pay me, or increase [the debt]?’ If the debtor had anything, he would pay. Otherwise, the age of the cattle [to be repaid] would be increased . . . If the debt was money or a commodity, the debt would be doubled to be paid in one year, and even then, if the debtor could not pay, it would be doubled again; one hundred in one year would become two hundred. If that was not paid, the debt would increase to four hundred. **Each year the debt would be doubled.”**

(REFERENCE: bn Hajar Tahdhib al-tahdhib. Vol.3. Page 395 quoted in A. Saeed, P. 22)

(D). This type of riba (“al---Riba (” ال رِبَا ”) is known as Riba al-jāhiliyyah, and according to some Islamic scholars, such as Imam Ahmad Ibn Hanbal (d. 241/855), only such Riba is

undoubtedly unlawful from the Islamic viewpoint. Ibn Qayyim al Jawziyya (d. AH 691) describes the views of Ibn Hambal as follows:

“The Qur’an vehemently condemns riba, but provides little explanation of what that term means, beyond contrasting riba and charity and mentioning exorbitant ‘doubling’. Commentators describe a pre-Islamic practice of extending delay to debtors in return for an increase in the principal (riba al-jāhiliyyah). Since this practice is recorded as existing at the time of the revelation, it is one certain instance of what the Qur’an prohibits. Hence Ibn Hanbal, founder of the Hanbali School, declared that this practice—‘pay or increase’—is the only form of riba the prohibition of which is beyond any doubt.”

[**REFERENCE**; Ibn Qayyim al Jawziyya quoted in F. Vogel and S. Hayes, Islamic Law and Finance: Religion, Risk and Return (The Hague, 1998), 72-73. Hereinafter F. Vogel and S. Hayes.)

(E). Imam Malik (d. 179 AH) in his Muwatta uses the same definition.

“Malik related to me that Zayd ibn Aslam said, ‘The Riba in the Jahiliyya was that a man would give a loan to a man for a set term. When the term was due, he would say, “Will you pay it off or increase me?” If the man paid, he took it. If not, he increased him in his debt and lengthened the term for him”. (**REFERENCE**: Imam Malik, Muwatta, # 61)

(F). al-Baghawi (d. 510 Hijrah) repeats the same understanding in his Qur’anic commentary on verse 277 of al-Baqarah as he narrates a tradition from Ikrimah (d. 107 AH) and Ata (d. 117 AH), which offers the same definition in the sense of which Riba was used:

“Regarding the word of God: ‘O believers! Fear God and forgo what remains of al-riba’, ‘Ata and ‘Ikrimah said that this verse revealed in connection with [the dealings] of al-‘Abbas ibn ‘Abd alMuttalib and Uthman bin ‘Affan, may Allah be pleased with them. These persons used to make advance deals about dates in advance before the ripening of the crop [i.e., they used to buy dates in advance with cash or with dates]. After the ripening of dates, the owner would say that if you two exercise your right, nothing would be left for the sustenance of my family; would you agree to take only half of the agreed quantity and leave the remaining half which I will pay in double quantity next season. So, they agreed to this. When the appointed time came, they demanded the increase. When the Prophet heard about it, he prohibited it and the said verse was revealed.”

[**REFERENCE**: Tafsir al-Baghawi quoted in I. Suhail, what is Riba? (New Delhi, 1999), p. 97. Sited by Mohammad Omar Farooq “Exploitation, Profit and the Riba-Interest Reductionism.” International Journal of Islamic and Middle Eastern Finance and Management. Vol. 5 Iss: 4 (Date online 23/10/2012)

(G) Abdullah Saeed, Professor of Arabic and Islamic studies, University of Melbourne, Australia further refers to Zamakhshari (d. 549 AH)¹² and Baydawi (d. 691 AH) in the same way. He also mentions Ibn al-Arabi (d. 543 AH) in the same vein. “al--Riba (” ال رِبَا ”) was well known among the Arabs.

‘Riba was well known among the Arabs. A person would sell something on a deferred payment basis. Upon maturity the creditor would say [to the debtor]: ‘Will you pay [as agreed] or will you add an amount to the [original] debt?’

(**REFERENCE:** Ibn al-Arabi quoted in A. Saeed, 23.)

Therefore, Riba prohibited in the Qur’an is the Pre-Islamic practice of al---Riba (” ال رِبَا ”) or the Riba al-jāhiliyyah of doubling and tripling of the capital obligation of the borrower. The injustice and exploitation involved in such “al---Riba (” ال رِبَا ”) transactions are obvious, and hardly require any further explanation or rationalization.

Summary:

The meaning of al---Riba (” ال رِبَا ”) is “extortionate claim of “doubling or tripling” of the borrowed capital of the debtor by the creditor.” That is why the Quran characterizes such extortion as “*their consuming people’s property unjustly*” in verse (4:161). **In light of the references quoted from classical scholars above, what is meant by “al---Riba (” ال رِبَا ”) was well-known for every companion of Prophet (s). Therefore, no further explanation of “al---Riba (” ال رِبَا ”) was needed by Prophet (s).** Prophet (s) left to the people to define and manage all other types of riba. That is what we have to grasp from the statement of Ummar Ibn Kathab’s (RA) statement: **“I wish Allah's Apostle had not left us before he had given us definite verdicts concerning three matters, i.e., how much a grandfather may inherit (of his grandson), the inheritance of Al-Kalala (the deceased person among whose heirs there is no father or son), and various types of Riba.”**

” ال رِبَا ” (THE RIBA) verses

Now let us study the verses on al---Riba (” ال رِبَا ”) in the Quran based on what I have explained above.

“*Their taking ال رِبَا ” (THE RIBA) which was prohibited for them, and their consuming people’s property unjustly. For the unbelievers among them, We have prepared a painful torment.*” (4:161)

The verse was a reference to Jews who charge ” ال رِبَا ” (THE RIBA) against Jewish Scriptural directive on their Jewish brothers:

“...Take thou not usury of him or increase: but fear of God; that thou brother may live with thee....” (**Leviticus** 25:35-7)

The Quran 3:130

“*O you who have believed, do not consume ال رِبَا ” (THE RIBA), doubled and multiplied, but fear Allah that you may be successful.*”

The customary practice of ” ال رِبَا ” (THE RIBA) was not limited to cash transactions only but also in commodity transactions. **Pre-Islamic Arabians practiced a kind of futures market, not exactly as practiced today.** Current futures market is a central financial exchange where people can trade standardized futures contracts, that is, a contract to buy specific quantities of a commodity or financial instrument at a specified price with delivery set at a specified time in the future.

Similarly, Arabs traders including prominent companions of Prophet (s) advanced grain or fruits or other commodities to the farmers in need long before their harvest was due with an oral agreement to give back the traders' certain amount of grain or fruits after his harvest at a specified time. If the farmer could not deliver his promise either due to crop failure or other reasons the trader doubled or even more the amount grains or fruit to be delivered for the extension delivery date. The increase depended solely on the whims of the trader.

The prophet (s) prohibited the practice of the futures market or contract of Pre-Islamic era. For example, with unripe dates: "Ibn 'Umar (Allah be pleased with them) reported that Allah's Messenger (may peace be upon him) forbade the sale of palm-trees (i. e. their fruits) until the dates began to ripen, and ears of corn until they were white and were safe from blight. He forbade the seller and the buyer. (Muslim: Book #010, Hadith #3666)

If we closely look at the Hadith # 5 quoted above along with another hadith, what I said becomes very clear.

"...Prophet had said, 'There is no riba when it is not done from hand to hand (i.e. when there is no delay in payment).' " (Book #34, Hadith #386) Bukhari. " ال رِبَا " (THE RIBA) happens only on delayed payment.

Now read the Hadith #5. "Prophet said; Gold is to be paid for by gold, silver by silver, wheat by wheat, barley by barley, dates by dates, salt by salt, like by like, payment being made hand to hand. He who made an addition to it, or asked for an addition, in fact dealt in " ال رِبَا " (THE RIBA). The receiver and the giver are equally guilty."

Professor Mohammad Omar Farooq exclaims: "We need to ask, who in the world did or does exchange an ounce of wheat, barley, dates, gold salt etc., of exact quantity and of same quality? What would be the rationale for exchanging a pound of barley with another pound or kilo of the same quality? If the orthodox position or understanding is considered valid, here it seems that the Prophet has permitted a kind of transaction that people have no reason to engage in. Usually, permission of Prophet (s) involves something that people usually do or need. In this case, none of those possibilities apply. People without any sense will exchange an equal amount of the same quality of wheat in trade. How in the world the Prophet would permit something that people cannot be expected to sensibly engage in real life? This is clearly a trivialization of the Prophet's guidance." (REFERENCE: Dr. Mohammad Omar Farooq "Riba, Interest and Six Hadiths: Do We Have a Definition or a Conundrum?"

On the other hand, it will make lots of sense only if we understand that here Prophet (s) was talking about Pre-Islamic version of futures market and the extortionate increase of capital obligation of debtors, " ال رِبَا " (THE RIBA), when the farmer is unable to deliver wheat that he borrowed .

The Quran 275-280

2:275-276. Those who live on " ال رِبَا " (THE RIBA) will not rise before Allah except like those who are driven to madness by the touch of Shaitan. That is because they claim: "Trading is no different than " ال رِبَا " (THE RIBA), but Allah has made trading lawful and " ال رِبَا " (THE RIBA) unlawful. He who has received the admonition from his *Rabb* and has mended his way

may keep his previous gains; Allah will be his judge. Those who turn back (repeat this crime), they shall be the inmates of hellfire wherein they will live forever. **Allah has laid His curse on ”** **ال رِبَا ” (THE RIBA)** and blessed charity to prosper. Allah does not love any ungrateful sinner.

Comment: Verse 2:275 restates affirmatively the prohibition of ” **ال رِبَا ” (THE RIBA)**. God characterizes ” **ال رِبَا ” (THE RIBA)** here as a curse. God let the creditor keep “previous gains” as a mercy.

The Qur’an 2:278-280.

*O ye who believe! Observe your duty to Allah and give up what remaineth (due to you) from usury, if ye are (in truth) believers. If you will not give up ” **ال رِبَا ” (THE RIBA)**, which you demand, know that you are in the state of war with God and His Messenger. But if you repent, you will have your capital. Do not commit injustice and no justice will be done to you.” If the debtor is in a difficulty, grant him time till it is easy for him to repay. But if ye remit it by way of charity, that is best for you if ye only knew.”*

The Qur’an 2:282:

“O you who believe! When you deal with each other in contracting a debt for a fixed time, then write it down;...” God revealed this verse because not only ” **ال رِبَا ” (THE RIBA)** is unjust, it is also based only on oral agreement granting freedom to creditor at his will to “*double or multiply*” the obligation from the debtor in trouble.

Comments:

1. All remaining part of ” **ال رِبَا ” (THE RIBA)** after this last revelation annulled.
2. If anyone will not “give up what remaineth (due to you) from ” **ال رِبَا ” (THE RIBA)**,” you are in the state of war with God and His Messenger (s).
3. Creditor can collect the capital If the debtor is financially solvent.
4. If the debtor is in a difficulty, grant him time till it is easy for him to repay the debt.
5. the debtor cannot pay, God recommends to forgive the debt charitably because “...Allah causes charitable deeds to prosper.” Quran 2:276).
6. All debt contracts must be written down and witnessed.

SUMMARY

1. Most Muslims believe that the ” **ال رِبَا ” (THE RIBA)** verses were the last verses revealed.
2. Prophet (s) did not live long enough to explain all kinds of riba.
3. Prophet (s) and his contemporaries knew and did not need any explanation for what is meant by the ” **ال رِبَا ” (THE RIBA)**
4. Most Muslims believe the **Set of Hadiths 1-5** prohibits ” **ال رِبَا ”** in general.
5. **The Set of Hadith A-D** contradicts the set of Hadith 1-5 and allows paying extra with the return of borrowed money or commodity future market.
6. There are instances where Prophet (s) and Ummar (ra) paid more than they

borrowed. So, ” ال رِبَا ” (THE RIBA) and so, the interest paid in the current banking practice are not one and the same.

7. All the verses of the Quran regarding the prohibition of the riba mentions it as ” ال رِبَا ” (THE RIBA), that is with the definite article “ال (ال).” “ال (ال) is certainly the definite article, not indefinite or general. So, the “ال (ال)” here means a specific and some special kind of increase that has been prohibited under *shariah*.
8. ” ال رِبَا ” (THE RIBA), that is prohibited in the Quran, is the customary extortionate increase of borrowed capital at the end of the loan by pawnbrokers for the extension of duration of the loan repayment if borrowers are unable to pay back the capital. It is also levied in Arabian futures market also if the commodity dealer or farmer was unable to deliver the commodity at the agreed date. **Therefore, ” ال رِبَا ” (THE RIBA) is nothing remotely like current banking practices.**
9. Prophet (s) prohibited the unregulated form of futures market existed in his time.
10. The practice of ” ال رِبَا ” (THE RIBA) is prohibited or *haraam* and current regulated banking practices are permitted or *halaal*.
11. All contract agreement as well as debt contracts must be written in presence of witnesses.
12. Inventions of computers, smart phones, and other modern amenities including the modern medicine would never or ever have seen the day-light if the venture capitalists and the banks are bound by the “so called Islamic finance doctrine” because the risky nature of startup companies cannot meet the safety of the funds of the “so-called Islamic finance” companies.