



## **Ibn Rushd Centre of Excellence for Islamic Research Interest Money Policy**

### **Introduction**

The purpose of this document is to outline Ibn Rushd Centre of Excellence for Islamic Research policy on using interest money. It will stipulate whether it will consider using interest money to further its charitable objects. It will elucidate how it will be administrated and its *Shariah* compliance procedure and assurance.

### **Definition of Interest**

Surplus given on top of the capital. It lexically means increase.

### **Interest Money in Islamic Law?**

Islam has condemned the institution of usury and interest in the strongest terms. Allah says in the Qur'an: "O you, who have believed, fear Allah and give up what remains due to you of interest, if you are true believers. And if you do not, then be informed of a war against you from Allah and His Messenger." (Qur'an 2:278–279.) It is the only place in the Qur'an where Allah directly declares "war" against the perpetrators of usury. The Qur'an is clear in its prohibition and stark in its warning about *riba* (usury).

### **The Islamic Legal Scope of Using Interest Money**

In Islam 'money' is neither considered pure or impure in of itself. What determines the purity of money or otherwise is its acquisition. The Institute recognises the domicile (*Dar al-Islam* and *Dar al-Harb*) implication of interest and its application in Islamic jurisprudence. While it is the Institute's policy regarding interest money acquired by individuals as unlawful, it believes that its use by third parties is lawful. This is primarily because of the Islamic juristic maxim: 'The change of ownership entails the change in essence.' This means that although the interest money may be unlawful for the first person who receives it, yet it is lawful for the third party to use it because the ownership of the unlawful (*haram*) has exchanges hands and thus what was unlawful becomes lawful.

The Institute has considered the below edict most appropriate for consideration. It stems from the question of depositing money in conventional interest paying banks:

### **Putting Money in Non-Sharī'ah Compliant Banks**

"On the basis of the opinions expressed by some jurists that usury between Muslims and non-Muslims is permissible would mean that a Muslim may put his money in banks in non-Muslim countries and take interest. This can be either if the Muslim is living in

*Dār al-Ḥarb* or that the Muslim lives in *Dār al-Islām* but leaves his money in Western banks which would be concordant with the opinion of al-Zarakshī and the *Imāmiyyah* scholar al-Ṭūsī. The latter opinion seems to still hold valid; rather it is agreed upon unanimously amongst the *Imāmiyyah* Shia sect according to the scholar Muḥammad Bāqir al-Ṣadr.<sup>1</sup> There is a very small minority of Sunni scholars such as Manāẓir Aḥsan al-Kilānī that still supports Abū Ḥanīfah’s opinion and maintains that taking usury from banks is permissible.<sup>2</sup> Al-Zuhaylī criticizes this opinion saying,

“The fatwa for Abū Ḥanīfah is not entirely wrong. The blood and property of *ḥarbīs* are useless regardless if the contract was concluded by a valid or invalid contract. However, this fatwa cannot be applied to validate usury for Muslim minorities in non-Muslim countries. This is because the objective of Abū Ḥanīfah was to cause weakness to *ḥarbīs* in all possible avenues. As for what Muslims are involved in at present times in non-Muslim countries which is either depositing money or investment and taking interest in return is unlawful. This is because it is not ‘taking the wealth of *ḥarbīs*’ but rather it strengthens them in way of financing their projects. This therefore does not weaken them but strengthens them which is opposite to what Abū Ḥanīfah intended.<sup>3</sup>

Here al-Zuhaylī has made a very interesting argument. He points out that the objective of allowing invalid contracts to take place between Muslims and *ḥarbīs* was to weaken them financially. In contemporary times this does not happen but the opposite is realized by the fact that banks lend the money to finance different types of projects regardless if it is ethical or not and in return makes profits manifold to what it gives its depositors or investors. However, it seems that the vast majority of contemporary scholars even those who allow interest based mortgages do not hold the view that Muslims living in the West are allowed to do this.<sup>4</sup> Rather contemporary scholars are divided whether or not it is permissible to deposit money in such banks at the first place. ‘Īsā ‘Abdu has taken a very hard-lined position saying that putting money in non-Muslim banks is unlawful and sinful.<sup>5</sup> Other scholars like al-Zuhaylī<sup>6</sup> and al-Qardāwī<sup>7</sup> are of the opinion that Muslims may deposit his money in banks but must not use the interest. Al-Zuhaylī and al-Qardāwī are also of the opinion that it is not permissible to

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<sup>1</sup> Faḍl Ilāhī, *Al-Tadābīr*, op. cit., p. 75/footnote 1

<sup>2</sup> Ibid

<sup>3</sup> Al-Zuhāyḷī, *Al-Mu‘āmalāt al-Māliyyah*, op. cit., pp. 254-255

<sup>4</sup> The researcher bases this opinion due to the lack of any evidence suggesting otherwise.

<sup>5</sup> Faḍl Ilāhī, *Al-Tadābīr*, op. cit., p. 78

<sup>6</sup> Al-Zuhāyḷī, *Al-Mu‘āmalāt al-Māliyyah*, op. cit., p. 55

<sup>7</sup> Al-Qardāwī, Yūsuf, 2000. *Fatāwā Mu‘āṣarah*, Kuwait; Dār al-Qalam, eighth edition, Vol. 2, pp. 450-451 (hereinafter cited as: Al-Qardāwī, *Fatawā Mu‘āṣarah*)

reject taking interest from these banks.<sup>8</sup> They argue that refusing to take interest will only strengthen usurious institution which would be tantamount to aiding in vice.<sup>9</sup> While al-Zuhāyī takes the opinion that such an act is not ‘permissible’<sup>10</sup> al-Qardāwī takes a more strict view that it is “unlawful (*ḥarām*) with certainty.”<sup>11</sup> The two scholars maintain that since a Muslim cannot use the money they should bestow it to **charitable** causes such as building roads, schools, hospitals, mosques and the like.<sup>12</sup> This opinion seems to be a very good solution to the question of banking in non-*Sharī‘ah* compliant banks in non-Muslim countries.

Strictly speaking the opinion of ‘Īsā ‘Abdu make more sense since conventional banks make profits manifold and thus such an act is tantamount to assisting and co-operating in vice. The reason he gives for his opinion is that depositing money in non-Muslim Western banks will strengthen usurious institution and those who dispute with Islam.<sup>13</sup> However, ‘Īsā ‘Abdu’s stance is quite impractical and depicts his lack of understanding of how life is in the Western world. There are two points to be observed: firstly when the system and setup of a country is such that wages, bills and the like are paid electronically and cash payment system is almost redundant as well as for safety reason cash is not carried in large amounts there can be little doubt that both *ḥājah* as well as *‘umūm al-balwā* have manifested. Secondly, the ratio of Muslim money in non-Muslim western banks are but only a fraction of their annual transactions what difference it would make by Muslims not putting their money in the banks is difficult to assess. While on the other hand the difficulty of not having a bank account in the Western world is almost crippling and thus outweighs the advantage of not having a bank account.”

### **How We Use Interest Money for Research: Ensuring *Shariah* Compliance**

The Board of Trustees are aware of the varying Islamic scholarly opinions regarding using interest money. **After consideration the Board of Trustees are of the opinion that the Institute will accept interest money and use it to pay taxes, utility bill and the like.**

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<sup>8</sup> Al-Zuhāyī, *Al-Mu‘āmalāt al-Māliyyah*, op. cit., p. 55, Al-Qardāwī, *Fatawā Mu‘āṣarah*, op. cit., Vol. 2, pp. 450-451

<sup>9</sup> Ibid

<sup>10</sup> Al-Zuhāyī, *Al-Mu‘āmalāt al-Māliyyah*, op. cit., p. 55

<sup>11</sup> Al-Qardāwī, *Fatawā Mu‘āṣarah*, op. cit., Vol. 2, pp. 451

<sup>12</sup> Al-Zuhāyī, *Al-Mu‘āmalāt al-Māliyyah*, op. cit., p. 55, Al-Qardāwī, *Fatawā Mu‘āṣarah*, op. cit., Vol. 2, pp. 450-451

<sup>13</sup> Faḍl Ilāhī, *Al-Tadābīr*, op. cit., pp. 78-79

## **Interest money Payments to Ibn Rushd Centre of Excellence for Islamic Research**

Ibn Rushd Centre of Excellence for Islamic Research will accept interest money payments in the following way:

**Single one-off donations:** When a donor wants to donate with a one-off donation they can do so by payment via: Paypal.( <https://www.ibnrushdcentre.org/donate/>) They must clearly make reference to it as interest money unless they mention it to the ‘Designated Zakat Officer’.

**Cheque and bank transfer:** When a donor seeks to transfer money to Ibn Rushd Centre of Excellence for Islamic Research’s bank account or send a cheque, they have to clearly specify if the entire amount or a portion of it is interest money. Bank details and details of postal address can be found on the website:

### **Postal Address:**

Greencoat House  
259 Stratford Road  
Sparkhil  
B11 1QS

**Account name: Ibn Rushd Centre of Excellence for Islamic Research**

**Bank: Al-Rayan Bank**

**Account No. 01383001**

**Sort code: 30-00-83**

**Cash:** Cash can be donated by coming into the Centre. When a donor hands in cash the donor will specify it is interest money.

### **Monitoring the spending of Interest Money**

The Board of Trustees will monitor the overall spending of interest money to ensure Shariah compliance and funds have been spent on areas it has identified

Director’s details:

Dr Shahrul Hussain

Email: [s.hussain@Ibnrushdcentre.org](mailto:s.hussain@Ibnrushdcentre.org)

Chair of Trustee:

Muhammad Taj Ullah

[T\\_ullah@hotmail.com](mailto:T_ullah@hotmail.com)

### **Advisory Board**

1- Shaykh Morshed Alom

#### **Qualifications:**

BA Islamic and Arabic Studies, University of Al-Azhar

MA Islamic Banking and Finance, Newman University Birmingham

#### **Current Post:**

Waqf Programme Manager at International Waqf Fund

2- Moulana Mohammed Waliur Islam

#### **Qualifications:**

Alimiyyah at Darul Uloom al-Islamiyyah al-Arabiyyah

BA Islamic Studies, Newman University Birmingham

#### **Current Post:**

Deputy School co-ordinator, Exam Officer and humanities teacher

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