

# RIBA – USURY

## A Quranic Review

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*“When it is said to them, ‘Do not do corruption in the land,’ they say, ‘we are only ones that put things right.’ Truly, they are the workers of corruption.” (2: 11)*

*“And whatever you may give out of usury so that it might increase the people’s possessions will bring no increase in the sight of God, whereas all that you give out in purification, seeking God’s countenance, for it is they, they shall have their recompense multiplied.” (30:39)*

It is incredible that 14 centuries have passed since the revelation of the Quran, that every successive Muslim generation is faced with the challenge of giving new dimensions and a fresh economic meaning to this term, for want of a better word, may be rendered as usury. The uncertainty of this subject is evidenced by the voluminous juridical literature on this subject, and until today the Islamic scholars have not yet been able to reach an absolute agreement on the definition of riba, a definition, that is, which would cover all conceivable legal situations and positively respond to all the exigencies of a variable economic environment. This subject remains ambiguous and very much a guesswork, more so as the people with vested interest in the financial system will obscure the truth for their own gains. The Quranic condemnation of the concept and practice of riba is unequivocal and absolutely final, yet people today, especially the Muslims are content in their ignorance and indifference, which, in all probability, are leading their lives in and around a system, which is abhorred by God.

*“O you who believe, beware of God, and refrain from all outstanding gains from usury, if you are truly believers. If you do not, then know that you are at WAR with God and His messenger...” (2:278-279)*

Why is it, and how could a subject of such importance that warranted such stern warning from God, be too difficult for man to comprehend? Or, perchance, could this be due to the evil schemes of the devil and his advocates? To ridicule it further, [REDACTED] is reliably reported to have said: *“The last that was revealed was the passage on riba; and, behold, the messenger of God passed away before having explained its meaning to us.”*(Ibn Hanbal, on the authority of Sa’id ibn al-Masayyab).

Obviously, [REDACTED] as this type of statement has serious implications which is disastrous to the well being of all mankind, and further more it contradicted the Quran, verse 144 of Surah Al-Imran, which is in continuity with the subject of usury, charity and righteousness from verse 130 of the same surah.

*“O you who believe, you shall not eat from usury compounded manyfolds and observe God, that you may succeed.” (3:130)*

*“Muhammad is no more than a messenger like the messengers before him. Should he die or get killed, would you then turn back on your heels? Whoever turns back on his heels never hurts God, while those who are appreciative will be rewarded.” (3:144)*

*“No; but they have cried lies to that whereof they comprehend not the knowledge, and whose interpretation has not yet come to them. Even so those that were before them cried lies; then behold how was the end of the evildoers!” (10:39)*

It is fundamental; in any attempt to study a given subject in the Quran that one is clear, firstly, of the concept (at least). Next, context is essential to get the clear picture, for “you can’t see the trees for the forest” as the saying goes. It is acknowledged, and it is true that the Quran interpret itself best, and therefore all verses related to a subject need to be studied collectively.

*“Alif, Lam, Mim. That is the Book, wherein is no doubt, a guidance to the godfearing.” (2:1-2).*

The Quran guides to two paths - paradise and hell. The guidance would become incomplete if it is not, and such is God’s system that He created things in pairs and opposites. Black becomes prominent besides white and vice-versa, and as ‘opposites attracts’, comparative studies of various subjects become easier.

*“Of everything have We created pairs that you may take heed.” (51:49).*

The subject of usury appeared in four different surahs:

- ✿ Al-Baqarah - verses 275-279
- ✿ Al-Imran - verse 130
- ✿ Annisa - verse 161
- ✿ Al-Rum - verse 39

In surah Al-Baqarah, usury (verses 275 - 279) connects logically with the preceding long passage on the subject of charity (verses 261 - 274) and reconnects with the proceeding passage on the subject of loan (verses 280 - 283). Therefore, in keeping with context, it is most appropriate to study both subjects on charity and loan, which will at the end, unfold usury into a clear picture, a picture as clear as day emerging out of the night. For the benefit of those who are not in possession of the Quran, here is the whole text of Surah al-Baqarah verses 261 - 283:

## Charity

2:261. The parable of those who spend their monies for the cause of God is like a seed that grows into seven ears, with one hundred seeds in each ear. God multiplies the reward manyfold for whomever He wills. God is Bounteous, Omniscient.

2:262. Those who spend their monies in the cause of God, and do not follow their charity with reproach or insult, will receive their recompense from their Lord. They have nothing to fear, nor will they grieve.

2:263. Kind words and compassion are better than a charity, which is followed by insult. God is Bounteous, Clement.

2:264. O you who believe, do not nullify your charity by reproach and insult, If you do, you will be like one who spends his money only to show off, while disbelieving in God and the last day. His parable is like a useless rock covered with a thin layer of soil; when heavy rain falls, it leaves it solid. They harvest nothing from their efforts. God does not guide the disbelievers.

2:265. And the parable of those who spend their monies seeking God's pleasure and through their own convictions, is that of a garden on high soil; when heavy rain falls it gives double the crop; if heavy rain is not available, alight rain would suffice. God is Seer of everything you do.

2:266. Would any of you wish to own a garden of date palms and grapes with flowing streams and all kinds of fruits; then, as he gets old and his children are still weak, the garden gets stricken with a holocaust that burns it up? God thus explains the revelations for you that you may reflect.

2:267. O you who believe, you shall spend in charity from the good things you earn, and from what We produce for you from the earth. Do not pick out the inferior thereof to give away, when you would not accept it for yourselves, unless your eyes are closed. You should realise that God is rich, worthy of all praise.

2:268. The devil promises you only poverty and exhorts you to commit evil works, while God promises you forgiveness from Him and blessings. God is Bounteous, Omniscient.

2:269. He bestows wisdom upon whomever He wills, and whoever is endowed with wisdom is endowed with a great bounty. That is because those who possess intelligence are the ones who take heed.

2:270. Whatever charity you give, or a vow you make, God is fully aware thereof. The wicked will find no helpers.

2:271. If you declare your charities they are still good. But if you conceal them and give them secretly to the poor, it would be better for you, and would remit more of your sins, God is fully cognizant of everything you do.

2:272. You can never guide anyone; God is the only One who guides in accordance with His will. Any charity you give shall be purely for the sake of God. Any charities you give will be repaid to you without any injustice.

2:273. Charity shall go to the poor who are persecuted because of their belief, and trapped. Those who are unaware may think that they are rich, due to their honorable character. But you can recognize them by certain signs. They never annoy the people by begging. Any charity you give, God is fully aware thereof.

2:274. Those who give to charity by night and by day, secretly and publicly, their recompense is with their Lord. They have nothing to fear, nor will they grieve.

#### Usury

2:275. Those who earn from usury stand only like one who is struck by the devil's touch. That is because they claim that usury is a form of trade. But God permits trade, and prohibits usury. Whoever heeds this admonition from his lord, and abstains from usury, may keep his past earnings, and his judgment rests with God. As for those who return to usury, they will deserve hell, wherein they abide forever.

2:276. God diminishes usury and augments charities, and God dislikes the guilty disbelievers.

2:277. Those who believe and work righteousness, and observe the salat and zakat, their recompense is with their Lord. They have nothing to fear, nor will they grieve.

2:278. O you who believes, beware of God; and give up the usury that is outstanding, if you are really believers.

2:279. If you do not refrain, then expect a war from God and His messenger. But if you repent, then you may keep your principal, without inflicting injustice, or suffering injustice.

#### Loan

2:280. If the debtor is unable to pay, then wait for a better time. If you give up the debt as a charity, it would be better for you, if you but knew.

2:281. Beware of the day when you return to God, and each soul is repaid for whatever it earned. No one will suffer injustice.

Verses 282 and 283 lays out the loan procedures, and of writing down the loan agreement, which is important in safeguarding the borrower's and the lender's interests, and to avoid any future misunderstandings between them. It also lays down the rule in loaning, whereby the borrower dictates his undertakings, and the conditions of the loan.

#### CHARITY

The Chambers Twentieth Century Dictionary defines charity as: Universal Love (New Testament); the disposition to think favorably of others and do them good; almsgiving.

As for the Quranic interpretations, the above verses are plain and clear. These verses are not the only verses on charity, but suffice for this study to enlighten 'charity' and its emphasis by God. Thus, it is clear that charity is the hallmark of success, and a trait of the righteous person.

*"And use God's blessings to you in seeking the hereafter, without necessarily neglecting your share in this life. And be charitable as God has been charitable towards you. Do not corrupt the earth, for God dislikes the corrupters." (28:77)*

*"Those who recite God's scripture, observe the salat, and from Our provisions to them they give, secretly and openly, seek a trade that never loses." (35:29)*

In a nutshell, charity is a righteous deed, and the rewards of it come from God. This is God's promise. Charity breeds love and compassion; and is the instrument to eradicate poverty, and create a harmonious environment in the family-life, the community, and to the nation. It is the social order (din), and a social obligation for every living human being. This is the perfect machinery for the distribution of wealth, and to creating the balance needed to achieve prosperity, peace and harmony in every society. It is the lack, or absence of charity that is causing misery in people such as poverty and hunger. The situation will remain until man returns to the ways of God. The next question is "What is the amount, or proportion to be given out in charity?"

*"...They ask you what to give as charity, say, 'The excess.' God thus clarifies the revelations for you that you may reflect." (2:219).*

Thus, it is clear that no fixed amount is revealed, and it is left to the individual to determine his needs from his earnings which God provides for him, and the balance thereafter contains the 'excess' which rightfully belongs to the needy as decreed by God.

*“If He asks you to donate in excessive amounts, you may turn stingy, and hatred may prevail among you. Here you are being exhorted to spend in the cause of God, and some of you turn stingy. Those who turn stingy are stingy against their souls. God is rich, while you are poor. If you turn away, God will substitute other people in your place and they will NOT be like YOU.” (47:37-8)*

However, since it is left to the people to decide and determine the amount for charity, they remain stingy, and are only willing to part from their earnings with a meager sum of 2 percent per annum! (They call this zakat). Who are they trying to deceive? Surely not God? Most assuredly in the Hereafter, they will find out. If God had wanted to specify the amount, even in minute fractions & percentages, He could easily have done it as He did in [Surah Annisa’, verses 7 – 13](#), wherein the shares for the beneficiaries in the distribution of properties of the deceased were mentioned with precision, and in exact fractions.

#### Loan

Loan and charity is relative. There is more to a loan than mere lending and borrowing. As with charity, the essence for both is ‘trust’. In charity, it is a trust between man and God; wherein loan, it is between man and man. God knows too well that man is not charitable in nature:

*“Say, ‘If you possessed the treasuries of my Lord’s mercy, yet would you hold back for fear of expending; and man is ever niggardly.’ (17:100)*

As man is parsimonious in nature, God laid out loan as a prelude to charity. In the event the loan becomes a non-performing loan, the lender is called by God to forfeit it, and convert it into charity. (See verse 2:280 above). This is the way of God - to lift the stinginess in man, subtly and graciously by way of lending, which if in the first instance he is not willing to part with his money, or possessions in freewill charity, thereupon, a loan is in order. Loan is the positive step towards righteousness as even in loaning, it is a form of man helping another in need. It is socially beneficial to both the giver and recipient, and fosters goodwill and trust amongst men. Thus, both charity and loan are positive and valuable in its respective ways, which produce positive results when carried out within the bounds set by God, and for the sake of God. Man will, then become more gratified and appreciative to God.

#### USURY UNFOLD

When a subject has been explained and thus, becomes clear; the subsequent action, or inaction that negates that which have been predicated becomes the negative factor of the positive aspects of the subject. As we can see in the above verses of Al-Baqarah, usury appeared in between charity and loan. The bounds of charity and loan have been set out therein, and crossing over those bounds is setting foot on the term usury. God condemns an act of transgression, and any act of transgression.

The lesson learned from this righteous deed of charity is: It is an act of freewill and in the absence of malice. Hence, in charity and loan, it MUST be done in FREEWILL, and without causing any burden upon whom it is spent on, or given to. The recipients of charity are in fact assigned beneficiaries, (refer 70:24-25) and what is given out is only what is rightfully theirs in the first place. The giving is meant to benefit, and fulfill their needs, as well as to lift them out of their predicament and sufferings. This is the positive aspect. Therefore, any act in the name of charity, or loan that does not produce the desired effect (the positive aspects), and instead causes the opposite (negative aspects), then, it is in direct violation of God's law. That act is amounting to, and constitutes usury.

Keeping in tune with, a Quranic review of this subject of usury, no other reference will be made, neither to history-hearsay, nor history books, except only with Quranic text. The Quranic history on usury goes way back to the time of the Children of Israel. The disbelievers amongst them took up other religions besides submission (Islam). The perpetrators were, predominantly Jews.

*"Thus, because of all their wicked actions, We prohibited for the Jews good things that were previously permitted for them. Also, because they repulsed many people from the way of God. And because they charged USURY, though they were forbidden there from, and because they cheated the people out of their possessions. We have prepared for the disbelievers among them a painful retribution." (4:160-161)*

*"You will see many of them hasten into sinfulness and transgression, and earning dishonestly. Evil indeed is what they do. If only the rabbis and the priests would enjoin them from sinful utterances and dishonest earnings. Evil indeed is what they commit. The Jews said, "God's hand is fettered." It is their hands that are fettered, and they incurred a curse for such utterance. Instead, His hands are wide open, freely providing as He wills. Indeed, most of them plunge deeper into transgression and heathenism, because of resenting the revelations to you from your Lord. We have cast among them enmity and hatred until the day of resurrection. Whenever they ignite the fire of war, God puts it out. They roam the earth corruptingly, and God dislike the corruptors." (5:62-64)*

The above verses are but a short history of the Jews, nevertheless, it revealed enough of their evil schemes and practices of that time. To detect and determine if usury persists in our present time, the financial system and its institutions is the best place to look at, as the borrowings, earnings and spending of the individuals, companies and the nation are governed, directed, and dictated by it. This is the natural habitat and breeding ground of usury, if it at all exists.

During the time of the Children of Israel, the financial and monetary system were, presumably much simpler, and straight forward as compared to the present, and that probably, made it easier to detect usury. In our modern world, the financial



system has been made more complex, and covers an array of more sophisticated financial services such as banking, insurance, foreign exchange, credit, hire purchase, and etc. Probably it would be more difficult now to identify usury, but not necessarily so, if we were to take the holistic approach by going back to basics, and get to the roots of usury.

Fundamentally, the activities of these financial institutions revolve in, and around – “**lending and borrowing**”. This subject is clear in the Quran, as we have seen earlier. Thereby, checking on whether these activities in the financial institutions are in line with the Quranic bounds shouldn't pose any problems. When it can be proven that usury lies at the center of the system, then there would not be any doubt about the ensuing activities of the system being usurious.

We will not delve into the intricacies of the modern financial system, rather, simply cruise around the activities and see if they are within, or out of the bounds as set by in the Quran, and by asking simple questions on the basic activities. They (the creators, keepers, operators and defenders of the modern financial system) claimed that what they are doing is business, rather big business as we can see. The question will be - Is it really business, or trade by Quranic interpretations? (Refer to verse 2:275.)

If they define running a bank, one of the institutions in the financial system, as a business. What business is it in? What are the commodities, or goods it sells or buys?

Banking (as a trade), when referred to the Quran does not qualify as a trade, but falls under an immoral 'trade' wherein money makes money, whereby on borrowed money, loans are dished out to unsuspecting borrowers, and churning the same money again and again for six times, or more and charging interest each time around, thus gaining many folds all from NOTHING. Ask any banker this, and he will just smile! Yet, we become happy depositors, (one of the bank's sources of borrowing), because as 'lenders' we are paid some pennies (in interest). In this context, we are unaware that we are loaning to the bank, while they dictate the terms and conditions. Amazingly, this is Quranic, but then, anything beneficial to them they will find it apt to follow, even if that law comes from a comic book! But, it is a different story altogether, and very much the opposite when we are the borrowers. Sorry mate! That's banking for you! It's for them (bankers) to make money from you, who are also referred to as the 'valued customer', or 'important client', regardless whether you are in the 'lending', or borrowing position.

Do not be surprised when you are borrowing from the bank, you are actually being loaned out from your own monies, and worst, you are charged with a hefty interest!



Logic and common sense prevailed, will define trade (permissible by God in verse 2:275) as an activity of exchanging of goods, or the buying and selling of it. Whereas the banks are not trading in goods; there is not as much as a mustard seed of what they are trading in, fits the term 'GOODS'. Instead, they call what they are trading in, which is money - a 'product'. Money, as a layman knows it, is nothing more than a promissory note, which is used as the medium of payment for the exchange of real, tangible goods. The old method of exchanging goods for goods (barter) became cumbersome and posed a logistic problem when trading progressed and developed to mass productions and large-scale manufacturing. Hence, money was invented and introduced to ease voluminous transactions and payments. But now it has become a 'product' and a 'thing' put up for sale and purchase, and the method devised for this 'trade' is the Forex. The speculative markets like the Forex, and stock markets are virtually trading on thin air; trading in nothing, and yet, the yields are high. Big gains in these 'trades' are producing multi-millionaires and billionaires, and have at the same time, turned many into penniless bankrupts (these morons have only themselves to blame). If this is not usury, we might as well legalized all the other vices such as gambling (already legal under license), and prostitution (legal in some parts of the world). Refer to Quran 30:39

They claimed, that the 'facilities and services' provided and offered by their financial institutions, e.g. credit and loan, are positively working towards progress and development, and helping in making the people, and the countries that need it become more prosperous. Arrogant they are in their false claims, and they really believed that their trade is providence for the people. (Refer to verse 30:39.) Ask the people and the countries of East Asia now (1998), if they have indeed enjoyed the providence, or had been made prosperous by the system. Impoverished, and very much in debt is most apt an answer, and burdened by interest, compounded manyfold. As if that isn't enough, their currencies, manipulated by speculative methods were devalued hundreds of times below its par, which automatically, or rather magically increased the principal amount of their outstanding loans! This is pure robbery, and clear-cut usury, full stop. The loans and the 'assistance' put the recipients in a worse position prior receiving the so-called financial aids. Many individuals, companies and countries have been dragged to the courts, charged and declared bankrupt. The bankruptcy concept applied in the financial system is inconsistent with the Quran. (See 2:280)

*“O you who believe, you shall NOT eat from usury, compounded manyfold, and observe God, that you may succeed.” (3:130)*

*“Say, “The bad is never the same as the good, even if you are impressed by the abundance of the bad. Therefore, you shall observe God, O you who possess intelligence, that you may succeed.” (5:100)*

Conclusion

What the financial system today really is - they have successfully commercialised 'Help and Assistance' into big profitable businesses, and with one shot, institutionalised usury internationally, and in a very big manner; and accepted by the people globally. They have legalised a prohibition, a prohibition from God the Almighty, and paved it as the way of life (Din). Usury is now an international institution. Reflecting back to the warning to expect a WAR from God and His messenger (2:278), is it any wonder then that the world is in such a pathetic state of affair?

*"Are you asking them for a wage, and so they are weighed down with debt?"  
(52:40), (68:46)*

*"Corruption has prevailed throughout the land and sea due to the people's work. Therefore, He makes them suffer the consequences of their works, that they may return." (30:41)*

The impacts of usury practiced by the financial system are obvious, especially in the wake of the country's current economic turmoil, which are surely being felt by many of us. It has brought nothing but hardships, wars, riots, and impoverishment to the people of the under-developed nations, and wherever it hits even to people and nations way back in history. Cheating, corruption and bribery are now, more than ever rampant everywhere in the world. Evidently, the world situation is now exactly as had been prophesied in the Quran, 14 centuries ago. We have been warned. What are we waiting for?

*"Are they waiting until God Himself comes to them in dense clouds, together with the angels? If this happens, the whole matter will be terminated, and all things will be referred to God." (2:210)*

In conclusion usury can be defined as "The act of transgressing the bounds, and limits of charity and loan set by God, with the intention to cheat, and seeking gains from an otherwise what was supposed to be a purely social obligation. Therefore, any profits and earnings derived therefrom are usurious, and prohibited."

#### Solution

Since we are smacked right in the middle of a system that is undoubtedly, and every bit usurious, the only solution to those who believe in God and the last day, is to repent and seek forgiveness from Him; and most importantly to refrain from all forms of usury; and if any, from all outstanding gains from usury. Next would be to shift our paradigms to the Quran and to God; shift physically and mentally (hijrah), socially, economically, and commercially to the divine prescription. In other words, return to charity as advocated in the Quran, and practice it as the social order (din); as the basis for socio-economic development. Put charity in

the center of our lives in order to wipe out usury, and it will definitely put the society back in order.

The setback is that the people have deserted the Quran (Refer 25:50) and to get them to read, study and understand it is twice as difficult, as some would testify to this. An enormous tasks indeed, under the present circumstances, and a radically big change most would say, and then, there are those who will say:

*“He’s crazy.” (54:9), (68:51)*

The following verses from the Quran should serve as reminders:

*“God diminishes usury and augments charities, and God dislikes the guilty disbelievers,” (2:276)*

*“I have warned you of a blazing hell. Burning therein are the wicked. Who disbelieved and turn away. Spared from it are the righteous, who gives his money in charity, expecting nothing in return. Seeking only his Lord, the Most High. He will certainly rejoice.” (92: 14-21)*

*“Nay, verily it is a furnace snatching away the scalp, calling him who drew back and turned away, who amassed and hoarded. Surely man was created fretful, when adversity touches him, he becomes despondent. And when good fortune visits him, he becomes stingy. Not so the worshipers, who observe the salat, they continuously observe the salat. Parts of their wealth is an assigned right, for the beggar and the outcast.” (70:16-25)*

*“O you who believe, let not your possessions neither your children divert you from God’s remembrance; whoso does that, they are the losers. Expend of what We have provided you before that death comes upon one of you and he says, “O my Lord, if only Thou wouldst defer me unto a near term, so that I may make freewill offering, and so I may become one of the righteous.” But God will never defer any soul when its term comes. And God is aware of the things you do.” (63:9-11)*

*“Praises be to God, the Lord of all beings.” (1:2)*

