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RIBA IN HADITH

A. General

1. From Jabir رضي الله عنه: The Prophet, صلى الله عليه وسلم, may cursed the receiver and the payer of interest, the one who records it and the two witnesses to the transaction and said: "They are all alike [in guilt]." (Muslim, *Kitab al-Musaqat, Bab la'ni akili al-riba wa mu'kilihi*; also in Tirmidhi and *Musnad Ahmad*)
2. Jabir ibn 'Abdallah رضي الله عنه, giving a report on the Prophet's Farewell Pilgrimage, said: The Prophet, صلى الله عليه وسلم, addressed the people and said "All of the *riba* of *Jahiliyyah* is annulled. The first *riba* that I annul is our *riba*, that accruing to 'Abbas ibn 'Abd al-Muttalib [the Prophet's uncle]; it is being cancelled completely." (Muslim, *Kitab al-Hajj, Bab Hajjati al-Nabi, رضي الله عنه; may also in *Musnad Ahmad*)*
3. From 'Abdallah ibn Hanzalah رضي الله عنه: The Prophet, صلى الله عليه وسلم, said: "A dirham of *riba* which a man receives knowingly is worse than committing adultery thirty-six times" (*Mishkat al-Masabih, Kitab al-Buyu', Bab al-riba*, on the authority of Ahmad and Daraqutni). Bayhaqi has also reported the above *hadith* in *Shu'ab al-iman* with the addition that "Hell befits him whose flesh has been nourished by the unlawful."



4. From Abu Hurayrah رضي الله عنه: The Prophet, صلى الله عليه وسلم, said: "On the night of Ascension I came upon people whose stomachs were like houses with snakes visible from the outside. I asked Gabriel who they were. He replied that they were people who had received interest." (Ibn Majah, *Kitab al-Tijarat, Bab al-taghlizi fi al-riba*; also in *Musnad Ahmad*)
5. From Abu Hurayrah رضي الله عنه: The Prophet, صلى الله عليه وسلم, said: "Riba has seventy segments, the least serious being equivalent to a man committing adultery with his own mother." (Ibn Majah)
6. From Abu Hurayrah رضي الله عنه: The Prophet, صلى الله عليه وسلم, said: "There will certainly come a time for mankind when everyone will take *riba* and if he does not do so, its dust will reach him." (Abu Dawud, *Kitab al-Buyu', Bab fi ijtinabi al-shubuhah*; also in Ibn Majah)
7. From Abu Hurayrah رضي الله عنه: The Prophet, صلى الله عليه وسلم, said: "God would be justified in not allowing four persons to enter paradise or to taste its blessings: he who drinks habitually, he who takes *riba*, he who usurps an orphan's property without right, and he who is undutiful to his parents." (*Mustadrak al-Hakim, Kitab al-Buyu'*)

B. Riba an Nasiyah

1. From Usamah ibn Zayd رضي الله عنه: The Prophet, صلى الله عليه وسلم, said: "There is no *riba* except in *Nasiyah* [waiting]." (Bukhari, *Kitab al-Buyu', Bab Bay' al-dinari bi al-dinar nasa'an*; also Muslim and *Musnad Ahmad*) "There is no *riba* in hand-to-hand [spot] transactions." (Muslim, *Kitab al-Musaqat, Bah bay'i al-ta'ami mithlan bi mithlin*; also in Nasa'i)



2. From Ibn Mas'ud رضي الله عنه: The Prophet, ﷺ, said: "Even when interest is much, it is bound to end up into paltriness." (Ibn Majah, *Kitab al-Tijarat, Bab al-taghlizi fi al-riba*; also in *Musnad Ahmad*)
3. From Anas ibn Malik رضي الله عنه: The Prophet, ﷺ, said: "When one of you grants a loan and the borrower offers him a dish, he should not accept it; and if the borrower offers a ride on an animal, he should not ride, unless the two of them have been previously accustomed to exchanging such favours mutually." (*Sunan al-Bayhaqi, Kitab al-Buyu', Bab kulli qardin jarra manfa'atan fa huwa riban*)
4. From Anas ibn Malik رضي الله عنه: The Prophet, ﷺ, said: "If a man extends a loan to someone he should not accept a gift." (*Mishkat, on the authority of Bukhara's Tarikh and Ibn Taymiyyah's al-Muntaqa*)
5. From Abu Burdah ibn Abi Musa رضي الله عنه: I came to Madinah and met 'Abdallah ibn Salam who said, "You live in a country where *riba* is rampant; hence if anyone owes you something and presents you with a load of hay, or a load of barley, or a rope of straw, do not accept it for it is *riba*." (*Mishkat, reported on the authority of Bukhari*)
6. Fadalah ibn 'Ubayd رضي الله عنه said that "The benefit derived from any loan is one of the different aspects of *riba*." (*Sunan al-Bayhaqi*) This *hadith* is *mawquf* implying that it is not necessarily from the Prophet; it could be an explanation provided by Fadalah رضي الله عنه himself, a companion of the Prophet, ﷺ.

C. *Riba al-Fadl*

1. From 'Umar ibn al-Khattab رضي الله عنه: The last verse to be

revealed was on *riba* and the Prophet, ﷺ, was taken without explaining it to us; so give up not only *riba* but also *raibah* [whatever raises doubts in the mind about its rightful-ness]. (Ibn Majah,)

2. The Prophet, ﷺ, said, "Sell gold in exchange of equivalent gold, sell silver in exchange of equivalent silver, sell dates in exchange of equivalent dates, sell wheat in exchange of equivalent wheat, sell salt in exchange of equivalent salt, sell barley in exchange of equivalent barley, but if a person transacts in excess, it will be usury (*riba*). However, sell gold for silver anyway you please on the condition it is hand-to-hand (spot) and sell barley for date anyway you please on the condition it is hand-to-hand (spot)."
3. From Abu Sa'id al-Khudri رضي الله عنه: The Prophet, ﷺ, said: "Do not sell gold for gold except when it is like for like, and do not increase one over the other; do not sell silver for silver except when it is like for like, and do not increase one over the other; and do not sell what is away [from among these] for what is ready." (Bukhari, *Kitab al-Buyu'*, *Bab bay'i al-fiddati bi al-fiddah*; also Muslim, Tirmidhi, Nasa'i and *Musnad Ahmad*)
4. From 'Ubada ibn al-Samit رضي الله عنه: The Prophet, ﷺ, said: "Gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, and salt for salt - like for like, equal for equal, and hand-to-hand; if the commodities differ, then you may sell as you wish, provided that the exchange is hand-to-hand." (Muslim, *Kitab al-Musaqat*, *Bab al-sarfi wa bay'i al-dhahabi bi al-waraqi naqdan*; also in Tirmidhi)
5. From Abu Sa'id al-Khudri رضي الله عنه: The Prophet, ﷺ, said: "Gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, and salt for salt - like for like,

and hand-to-hand. Whoever pays more or takes more has indulged in *riba*. The taker and the giver are alike [in guilt]." (Muslim, *ibid*; and *Musnad Ahmad*)

6. From Abu Sa'id and Abu Hurayrah رضي الله عنه: A man employed by the Prophet, صلى الله عليه وسلم, in Khaybar brought for him *janibs* [dates of very fine quality]. Upon the Prophet's asking him whether all the dates of Khaybar were such, the man replied that this was not the case and added that "they exchanged a *sa'* [a measure] of this kind for two or three [of the other kind]". The Prophet, صلى الله عليه وسلم, replied, "Do not do so. Sell [the lower quality dates] for dirhams and then use the dirhams to buy *janibs*. [When dates are exchanged against dates] they should be equal in weight." (Bukhari, *Kitab al-Buyu'*, *Bab idha arada bay'a tamrin bi tamrin khayrun minhu*; also Muslim and Nasa'i)
7. From Abu Sa'id رضي الله عنه: Bilal رضي الله عنه brought to the Prophet, صلى الله عليه وسلم, some *barni* [good quality] dates whereupon the Prophet asked him where these were from. Bilal رضي الله عنه replied, "I had some inferior dates which I exchanged for these - two *sa's* for a *sa'*." The Prophet صلى الله عليه وسلم said, "Oh no, this is exactly *riba*. Do not do so, but when you wish to buy, sell the inferior dates against something [cash] and then buy the better dates with the price you receive." (Muslim, *Kitab al-Musaqat*, *Bab al-ta'ami mithlan bi mithlin*; also *Musnad Ahmad*)
8. From Fadalah ibn 'Ubayd al-Ansari رضي الله عنه: On the day of Khaybar he bought a necklace of gold and pearls for twelve dinars. On separating the two, he found that the gold itself was equal to more than twelve dinars. So he mentioned this to the Prophet, صلى الله عليه وسلم, who replied, "It [jewellery] must not be sold until the contents have been valued separately." (Muslim, *Kitab al-Musaqat*, *Bab bay'i al-qiladah fiha khara-zun wa dhahab*; also in Tirmidhi and Nasa'i)



9. From Abu Umamah رضي الله عنه: The Prophet, صلى الله عليه وسلم, said: "Whoever makes a recommendation for his brother and accepts a gift offered by him has entered *riba* through one of its large gates." (*Bulugh al-Maram, Kitab al-Buyu', Bab al-riba*, reported on the authority of Ahmad and Abu Dawud)
10. From Anas ibn Malik رضي الله عنه: The Prophet, صلى الله عليه وسلم, said: "Deceiving a *mustarsal* [an unknowing entrant into the market] is *riba*." (Suyuti, *al-Jami' al-Saghir*, under the word *ghabr*; Kanz al-'Ummal, *Kitab al-Buyu', al-Bab al-thani, al-fasl al-thani*, on the authority of *Sunan al-Bayhaqi*)
11. From 'Abdallah ibn Abi Awfa رضي الله عنه: The Prophet, صلى الله عليه وسلم, said: "A *najish* [one who serves as an agent to bid up the price in an auction] is a cursed taker of *riba*." (Cited by Ibn Hajar al-'Asqalani in his commentary on al-Bukhari called *Fath al-Bari, Kitab al-Buyu', Bab al-najsh*; also in Suyuti, *al-Jami' al-Saghir*, under the word *al-najish* and Kanz al-'Ummal, *op. cit.*, both on the authority of Tabarani's *al-Kabir*)

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RIBA AND ITS TYPES

Definition of *Riba* or Interest

The word "*Riba*" means excess, increase or addition, which correctly interpreted according to Shariah terminology, implies any excess compensation without due consideration (consideration does not include time value of money).

This definition of *Riba* is derived from the Quran and is unanimously accepted by all Islamic scholars. There are two types of *Riba*, identified to date by these scholars namely '*Riba An Nasiyah*' and '*Riba Al Fadl*'.

'*Riba An Nasiyah*' is defined as excess, which results from predetermined interest (sood) which a lender receives over and above the principle (Ras ul Maal)

'*Riba Al Fadl*' is defined as excess compensation without any consideration resulting from a sale of goods. '*Riba Al Fadl*' will be covered in greater detail later.

During the dark ages, only the first form (*Riba An Nasiyah*) was considered to be *Riba*. However the Holy Prophet ﷺ also classified the second form (*Riba Al Fadl*) as *Riba*.

The meaning of *Riba* has been clarified in the following verses of Quran:

"O those who believe, fear Allah and give up what still remains of the Riba if you are believers. But if you do not do so, then be warned



of war from Allah and His Messenger. If you repent even now, you have the right of the return of your capital; neither will you do wrong nor will you be wronged." Al Baqarah 2:278-9

These verses clearly indicate that the term Riba means any excess compensation over and above the principal which is without due consideration. However, the Quran has not altogether forbidden all types of excess; as it is present in trade as well, which is permissible. The excess that has been rendered haram in Quran is a special type termed as Riba. In the dark ages, the Arabs used to accept Riba as a type of sale, which unfortunately is also being understood at the present times. Islam has categorically made a clear distinction between the excess in capital resulting from sale and excess resulting from interest. The first type of excess is permissible but the second type is forbidden and rendered Haram.

"Seized in this state they say: 'Buying and selling is but a kind of interest', even though Allah has made buying and selling lawful, and interest unlawful." Al Baqarah 2:275

Classification of Riba

1. The first and primary type is called Riba An Nasiyah or Riba Al Jahiliya.
2. The second type is called Riba Al Fadl, Riba An Naqd or Riba Al Bai.

Since the first type was specified in the Quranic verses before the sayings of the Holy Prophet ﷺ, this type was termed as Riba al Quran. However the second type was not understood by the Quranic verses alone but also had to be explained by the Holy Prophet ﷺ, it is also called Riba al Hadees.

Riba An Nasiyah

This is the real and primary form of Riba. Since the verses of Quran has directly rendered this type of Riba as haram, it is called Riba Al Quran. Similarly since only this type was considered Riba in the dark ages, it has earned the name of



Riba Al Jahiliya. Imam Abu Bakr Hassas Razi has outlined a complete and prohibiting legal definition of Riba An Nasiyah in the following words:

“That kind of loan where specified repayment period and an amount in excess of capital is predetermined.”

One of the ahadith quoted by Ali ibn at Talib (RAA) has defined Riba An Nasiyah in similar words. The Holy Prophet ﷺ said:

“Every loan that draws interest is Riba.”

The famous Sahabi Fazala Bin Obaid has also defined Riba in similar words:

“Every loan that draws profit is one of the forms of Riba”

The famous Arab scholar Abu Ishaq az Zajaj also defines Riba in the following words:

“Every loan that draws more than its actual amount”

Riba An Nasiyah refers to the addition of the premium which is paid to the lender in return for his waiting as a condition for the loan and is technically the same as interest. The prohibition of Riba An Nasiyah is one of those issues which have been confirmed in the revealed laws of all Prophets (AS). Some of the old testaments has rendered Riba as haram (See Exodus 22:25, Leviticus 25:35-36, Deutronomy 23:20, Psalms 15:5, Proverbs 28:8, Nehemiah 5:7 and Ezakhiel 18:8,13,17 & 22:12). The Quran has also stated the prohibition of Riba in various verses, has warned those who persist in practicing it of a war which is certain to be declared on them by Allah Himself and His messenger and has seriously threatened those engaged as writer, witness and dealer in Riba transactions. These verses and ahadith will be discussed



at length in a separate chapter called "The prohibition of Riba in the light of Quran and hadith".

According to the above definition of Riba An Nasiyah, the giving and taking of any excess amount in exchange of a loan at an agreed rate is included in interest irrespective whether at a high or low rate. It has been proven through ahadith that the Holy Prophet ﷺ paid excess at the loan repayment time but since this excess was not paid through an agreed rate, it cannot be called interest. This clarifies that the word "draws" in the hadith definition "The loan that draws interest is Riba." has been used to highlight the giving and taking of excess amount through an agreed rate in the loan contract. Due to this, Imam Abu Bakr Hasas has added the word "condition" to the definition.

The fact that Riba An Nasiyah is categorically haram has never been disputed in the Muslim community.

In short, the Riba of today which is supposed to be the pivot of human economy and features in discussions on the problem of interest is nothing but this Riba, the unlawfulness of which stands proved on the authority of the seven verses of the Quran, of more than forty ahadith and of the consensus of the Muslim community.

Wisdom behind the prohibition of Riba An Nasiyah

First of all, we should realize that there is nothing in the entire creation of the world, which has no goodness or utility at all. But it is commonly recognized in every religion and community that things which have more benefits and less harms are called beneficial and useful. Conversely, things that cause more harm and less benefit are taken to be harmful and useless. Even the noble Quran, while declaring liquor and gambling to be haram, proclaimed that they do hold some benefits for people but the curse of sins they generate is far greater than the benefits they yield. Therefore, these cannot be called good or useful; on the contrary, taking these



to be acutely harmful and destructive, it is necessary that they be avoided.

The case of Riba An Nasiyah is not different. Here the consumer of Riba does have some casual and transitory profits apparently coming to him, but its curse in this world and in the Hereafter is much too severe as compared to this benefit. The Riba consumer suffers such a spiritual and moral loss that it virtually takes away the great quality of being 'human' from him. An intelligent person who compares things in terms of their profit and loss, harm and benefit can hardly include things of casual benefit with an everlasting loss in the list of useful things. Similarly no sane and just person will say that personal and individual gain which causes loss to the whole community or group is useful. In theft and robbery for example, the gain of the gangster and the take of the thief is all too obvious but it is certainly harmful for the entire community since it ruins its peace and sense of security.

Riba Al Fadl

The second classification of Riba is Riba Al Fadl. Since the prohibition of this Riba has been established on Sunnah, it is also called Riba Al Hadees.

Riba Al Fadl actually means that excess which is taken in exchange of specific homogenous commodities and encountered in their hand-to-hand purchase & sale as explained in the famous hadith:

The Prophet ﷺ said, "Sell gold in exchange of equivalent gold, sell silver in exchange of equivalent silver, sell dates in exchange of equivalent dates, sell wheat in exchange of equivalent wheat, sell salt in exchange of equivalent salt, sell barley in exchange of equivalent barley, but if a person transacts in excess, it will be usury (Riba). However, sell gold for silver anyway you please on the condition it is hand-to-



hand (spot) and sell barley for date anyway you please on the condition it is hand-to-hand (spot).”

This hadith enumerates 6 different commodities namely:

- 1) Gold
- 2) Silver
- 3) Dates
- 4) Wheat
- 5) Salt
- 6) Barley

These six commodities can only be bought and sold in equal quantities and on spot. An unequal sale or a deferred sale of these commodities will constitute Riba. These six commodities in fiqh terminology are called “Amwal-e-Ribawiya”. Does this hadith apply only to the items mentioned in it? Does it concern sales of barley or wheat but not rice? Of dates but not raisins? A complete legal definition differs in every fiqh. Scholars such as Taoos and Qatada hold that Riba Al Fadl includes these specified types only, however a majority of Islamic scholars believe that some other commodities should also be included. In order to answer the question, which other commodities should be included, some fiqhs hold that the characteristics which are common amongst these items can be used as basis (*illat*) for Riba Al Fadl. An *illat* is the attribute of an event that entails a particular divine ruling in all cases possessing that attribute; it is the basis for applying analogy. *Ribawi* goods are therefore goods that exhibit one of the efficient causes occasioning application of Riba rules. Various schools define these causes differently:



Imam Abu Hanifa

Imam Abu Hanifa sees only two common characteristics namely:

- 1) Weight
- 2) Volume

Meaning all these six goods are sold by either weight or volume. Therefore all those commodities, which have weight or volume and are being exchanged, with the same commodity will fall under the rules of Riba Al Fadl.

Imam Shafi

The two characteristics observed by Imam Shafi are:

- 1) Medium of Exchange or
- 2) Eatable

Therefore this law will apply on everything edible or having the natural ability of becoming a medium of exchange (currency).

Imam Malik

Imam Malik identified the following two characteristics:

- 1) Eatables and
- 2) Preservable

Imam Ahmad Bin Hanbal

Three citations have been related to him:

- i) First citation conforms to the opinion of Imam Abu Hanifa.
- ii) Second citation conforms to the opinion of Imam Shafai.
- iii) Third citation includes three characteristics at the same time namely edible, weight and volume.