



IFE JOURNAL OF RELIGIONS
DEPARTMENT OF RELIGIOUS STUDIES
OBAFEMI AWOLowo UNIVERSITY
ILE-IFE, NIGERIA

E-mail: ifejournalofrels@yahoo.com

Date: 10/05/2017

Dr. M. K. Kareem,
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Dear Dr. Kareem,

LETTER OF ACCEPTANCE OF ARTICLE FOR PUBLICATION

I am pleased to inform you that the Editorial Board of the above named Journal has accepted your article titled **“Time Value of Money and the Chronological Revelations of Riba in the Qur’an”** for publication.

The acceptance is based on your fulfillment of the conditions contained in our assessor’s report. The article is expected to be published in Vol. 12 of 2016.

Please accept our congratulations.

Prof. M. O. Opeloye,
Editor.

TIME VALUE OF MONEY AND THE CHRONOLOGICAL REVELATIONS ON *RIBĀ* IN THE QURAN

BY

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Abstract

While some Scholars are of the view that Islam permits simple interest but frowns at compound interest due to time value of money, many consider both to be prohibited. It is against this backdrop that the paper examines and interprets the meaning of the word *ribā* in the contexts in which they are used in the four places in the Qur'an and the Hadith. Using the analysis in these sources, the study finds that *ad'āfan mudā'afah* in Q3:130 means a continual increment which could lead to the doubling and re-doubling of the original capital against confining it to compound interest. Our analysis shows that the usury that was forbidden for the Jews was the same with the usury of the pre-Islamic period that was banned for Muslims. It is noted that the Qur'an (Q2:278-279) prohibits all forms of *ribā*, simple or compound, at the beginning of the contract or at the due date. The paper reveals that Islam does not attach value with time. Spot market where commodity and price are exchanged simultaneously is in line with the dictates of Islam. However, it is allowed to postpone delivery of commodity or price. Both cannot be delayed. Our analysis shows that if the same commodity is being exchanged, there should be equality in quantity and prompt delivery. By making the quantity equal, the quality has been ignored. If the quality is to be considered, both the qualities need to be converted into money and exchanged at market prices. If the commodities being exchanged are different, then there should be prompt delivery.

Keywords: *Ribā*, time value of money, Qur'an, Hadith, interest

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Introduction

It is very pertinent to have a clear conceptual frame of the title of this paper, the major components of which are revelation, simple interest and compound interest (time value of money). Of all the holy books, the Qur'an is unique in the sense that it contains certain statements about itself. It is the only book that has many names. It is the only book that states categorically how, when, through whom, to whom and in what language it was revealed. The glorious Qur'an was revealed in Arabic (Q43: 3), to prophet Muhammad (Q47:2), through angel Jibril (Q2: 97; Q16: 102), in portions or piece-meal (Q17: 106), in the month of Ramadan (Q2:185; Q44: 3). *Al-Furqān* (the Criterion) is one of the names of the Qur'an because it is the yardstick or checklist that is used to separate truth from falsehood. It is a book that can be used to hit the nail on the head. In a situation where people or scholars are confused as regards the exact interpretations of *ribā*, the Qur'an itself is enough to clear the confusion and doubt. This is because it came from All Knowing, All Wise.

To give interpretation of a particular Qur'anic word or verse, the guiding principle is to look for the explanation and clearance in the Qur'an itself. This will eliminate confusion and misunderstanding of the intended meaning of a particular verse or a word. For instance, when Allah mentions *Laylatul Qadr* (Night of Majesty) in the first verse of *suratul Qadr*, the subsequent verses give the importance of it and what happens in the night. Through *tafsir* (interpretation), ambiguity is removed. It is also possible to look at the circumstances and immediate causes of revelation i.e the reasons for revelation. This will also throw more light on any issue that may have different interpretations and meanings. If the clear explanation is not derived from the Qur'an, the next step is to examine the Hadith (the sayings of the Prophet) with a view to getting full explanations from it. This is in line with the functions of the Prophet. He was to give explanations on many issues; he was to give directives where they are lacking. For instance, zakat and prayers are mentioned in the Qur'an but the details of how and when they are to be

observed are not stated in the Qur'an. The Prophet explained them. The companions (*sahabah*), *tābi'ūn* (the successors of the companions) and *tābi'ū tābi'ūn* (the successors of the successors of the companions) also explained the Qur'an based on what the latter generation heard from the earlier generation.

It is when all these sources could not still provide enough and direct explanations and guidance on a particular issue that the scholars would now use *ijtihād* to derive the intended meaning of a particular word or a verse from the above-mentioned sources. It is not enough to use one's knowledge of Arabic language to give the intended meaning of a particular word or a verse. Other pieces of information are needed to derive the intended meaning of a particular word like *ribā*. The plan of the rest of the paper after introduction is as follows. Section 2 is on brief background of study. Research methodology follows this immediately. Comprehensive interpretations and analyses of the four places in the Qur'an and the sayings of the Prophet on *ribā* form our discussion in section 4 before conclusion and recommendation

Conceptual Explanation of Interest

The economic lives of Muslims are guided by Divine guidance. Islam wants Muslims to earn their living through decent work. If this is done, it is regarded as a great virtue. Earning one's living through interest is not only unlawful, it is also a sin. If one has to make a decent living, it has to be made through honest means. An attempt to prevent cheating and exploitation, Islam forbids *ribā* (interest) because it is based on the time value of money. What then is interest in the conventional setting? How is it calculated? All these are discussed briefly in the next paragraphs.

In the capitalist economy, the level of investment is determined by the market rate of interest and marginal efficiency of capital. In the conventional setting, time has value in relation to cost of capital. This is because an amount expected in the future is not the same with the amount at hand now. Investors are of the view that money invested today can earn them interest. They consider receiving an amount now than receiving the same amount in the

future. The money would have been reduced in value if interest is not paid on them. Therefore, interest is the payment made for the use of money made available to financial users for a stipulated period. The issue of interest is important in savings and investment process. Whatever is paid on the original amount invested or saved (principal) is interest. (Olowe, 1997: 71-72). This is called simple interest. The interest and the amount of principal would not change. They remain the same from period to period. It is calculated as

$$(\text{Principal}) \times (\text{rate } \%) \times (\text{time in year})$$

For instance, if Olu invests 10000 for a period at a simple interest of 15%. The interest due to Olu at the end of the two years will be $10000 \times 15\% \times 2 = 3000$. Olu will receive 13000 at the end of the two years.

Compound interest is the interest earned on the principal plus previously earned interest. The interest on the original capital will be added to that original capital to form new capital. To put it simply, it means the lender or depositor earns income on both the principal amount and on any accumulated interest. Therefore, the longer the period, the higher the interest earned on both the accumulated interest and the principal. This is the type of interest usually used in banks and other financial institutions. The formula for calculating the future value of a loan earning compounding interest is $FV = P(1+r)^t$ (Olowe, 1997: 71-72).

Where FV (future value) is the sum of principal plus all accumulated interest over the life of the loan or deposit. P is the original principal value; r is the annual rate of interest and t is the time in years. By a way of example, if a person get a loan of 100000 naira for 5 years at 20% interest, it is calculated thus: FV is unknown; P is 100000naira and the period is 5. The answer is $FV = 100000 (1 + 0.2)^5$.

It doesn't have to be compounded annually. It could be compounded daily, weekly, monthly, quarterly and semiannually. If the amount due at the end of any time fixed for repayment is not paid, the interest is added to it to form new capital. If it is to be paid weekly, and the fund user could not pay it, the interest of the first week will be added to the interest of the second week on

which interest is to be paid. The same thing is done for the third week, the fourth week and so on.

Brief Background

An attempt to differentiate between usury and interest led some scholars to lend credence to the latter against the former. Virtually, all scholars, old and new, ancient and modern, agree that usury is forbidden in Islam. However, they differ amongst themselves concerning the issue of simple interest and compound interest. The modernists such as Mohammad Abd Allah Draz, Abdu Razzaq Sanhuri (d. 1971), Muhammad Asad (1900-1992), Fazlur-Rahman (1911-1988), Maulana Sayyid Ahmad Ali Said (grand Mufti of Darul-ulum), Deoband, Maulana Abdul Kalam Azad (1888-1958), Shaykh Muhammad Shaltut (grand Imam of Al-Azhar University) (1993-1963), Shaykh Muhammad Sayyid Tantawi, Abdul Wahab Khallaf (1888-1956), Professor Sulayman Nyang, Dr. Mohammad Omar Farooq, and a host of others ring like a bell among the modernists who strongly believe that the *ribā* that is forbidden is usurious interest. They view *ribā* from different perspectives. They confine *ribā* to excessive usury. This group allows a simple interest on loanable funds. They consider interest charged on consumption loans illegal while they support interest payment on production loans. They also consider fixed interest rate to be illegal, accept variable interest rate and allow zero compound bonds.

In the old time, the views of scholars like Muhammad Abduh (1849-1905), Muhammad Rashid Rida (1865-1935), Abdul Aziz Jawish, Abdul Wahab Khallaf, Sir Syed Ahmad Khan (1817-1898) to mention but a few are the same as regards the permissibility of simple interest, production loan on interest and the prohibition of consumption loan. The modernists as mentioned earlier are of the opinion that the prohibition of *ribā* is confined to excessive usury. When the principal amount is multiplied, it results into usury i.e. compound interest. When raising a number of issues about the definition of *ribā*, the modernists claimed that Islam prohibits exploitative or usurious *ribā*. Interest per se is not forbidden. The interest allows a fair return on loanable funds (Rida, 1959). Abdullah Yusuf Ali is one of those who equated *ribā* with usury, and not interest. In his commentary, He wrote

Usury is condemned and prohibited in the strongest possible terms. There can be no question about the prohibition. When we come to the definition of usury, there is room for difference of opinion. Hadhrat Umar, according to Ibn Kathir, felt some difficult in the matter, as the apostle left this world before the details of the question were settled. This was one of the three questions on which he wished he had had more light from the Apostle, the other two being Khilafat and Kalalat... our ulama, ancient and modern, have worked out a great body of literature on usury, based mainly on economic conditions as they existed at the rise of Islam. I agree with them on the main principles, but respectfully differ from them on the definition of usury. As this subject is highly controversial, I shall discuss it, not in this commentary but on a suitable occasion elsewhere. The definition I would accept would be undue profit made, not in the way of legitimate trade, out of loans of gold and silver, and necessary articles of food, such as wheat, barley, dates, and salt (according to the list mentioned by the Holy Apostle himself). My definition would include profiteering of all kinds, but excluded economic credit, the creature of modern banking and finance (Ali, 1999: 128).

The mainstay of all the arguments of these scholars, both in modern and ancient has been that the Quran and Sunnah prohibit *ribā* that is usurious and consumption loans on interest. They even argue that interest charged on the loan by the banks is not un-Islamic as against the prevailing orthodox position that all forms of interest high or low, simple or compound are prohibited. Many of these *ribā* supporters quote Q30: 39 to support their arguments. They believe that only compound interest is forbidden.

Methodology

The study hinged on descriptive approach and textual analysis of the main sources of Islam, the Qur'an and the Sunnah. The Qur'an was revealed to the Prophet for about 23 years as the source of guidance for Muslims in all their affairs. The Sunnah complements the Qur'an. The guidelines and injunctions contained in the two were analysed and juxtaposed with the practice of interest payment in a modern capitalist economy.

The four revelations on *ribā* and their explanations

Right from the Prophet's time in Makkah, strict injunctions were revealed to him concerning the prohibition of *ribā*. Prohibition of *ribā* is in four *suwar* (chapters). Ar-Rūm speaks of *ribā* in only one verse, an-Nisā' talks about it in

only one verse, Al-Imrān refers to usury also in only one verse and *Baqarah* mentions *ribā* in five verses making altogether eight verses in four *surahs*.

The first revelations on *ribā*

Suratur-Rūm, Chapter 30:39 contains the first revelation on *ribā*. This verse was revealed to the Prophet when he was in Makkah.

وَمَا آتَيْتُمْ مِنْ رَبِّا لَيْرُبُو فِي أَمْوَالِ النَّاسِ فَلَا يَرْبُو عِنْدَ اللَّهِ ۗ وَمَا آتَيْتُمْ مِنْ زَكَاةٍ تُرِيدُونَ وَجْهَ اللَّهِ فَأُولَئِكَ هُمُ الْمُضْعِفُونَ

And that which you give in *Ribā* in order that it may increase from other people's property, has no increase with Allah, but that which you give in Zakah seeking Allah's face, then those they shall have manifold increase (Q30:39).

Commentators as regards this verse gave various interpretations. Some of them believe that this verse does not only ban usury but it also bans gift given not for the sake of Allah but for the returns one wants to receive back from the recipient of such gifts. However, whatever one gives for the sake of Allah, Allah will multiply the reward manifold. Ibn Kathir (Shaykh Safiur-Rahman, 2000: 434), Al-Jassas (Abu Bakr al-Jassas, 2000: 350), At-Tabari (Ibn Jarir at-Tabari, n.d: 122) and Ibn Arab (Abdullah ibn Arabi, 1957: 1479) are some of the commentators who shared the above-mentioned view. Al-Fakhru-d-Din Razi, the author of *al-Tafsirul Kabir*, however, says this verse is inciting in the sense that if you give one thing, you are expecting two in return. In his word, he said: "You do not get credit with God, where, if asked, you respond and give one for two..." (Fakhrud-Din ar-Razi, n.d: 529). Al-Allusi in his interpretation of this verse believes the verse refers to banned usury when he said, "the increase known in dealings are banned by the *Sharī'ah*" (Al-Allusi : 45). Sayyid Qutb said:

At that time, some people tried to increase their money by giving gifts to wealthy individuals, hoping that they would receive better gifts in return. This surah tells them that this is not the way to achieve true growth. This is what some reports mention as the meaning of this statement, but it is general statement that applies to all methods people use to usuriously increase their wealth. God also makes clear the way that ensures true growth. He thus gives in multiplies to those who spend of their money for no reason other than to please Him. He also takes away from the usurers who seek to increase their wealth at other people's expense. One method makes its calculation only this world's standard, while the other looks at the standards of the life to come, when rewards are given in

multiples. This last method is the one that makes real profits both in this life and in the life to come (Sayyid Qutb, 2006: 388-389).

The researcher shares the views of the last two commentators regarding the meaning of the verse as it does not contradict the absoluteness of the verse on the assumption. According to al-Qurtubi (Ahmad al-Qurtubi, 1935: 37), al-Jassas (Abubakr al-Jassas., 1347 A.H: 551-552) and Ibn Qayy'um (Ibn Qayyum, 1968: 154-155), the verse was revealed in connection with the kind of *ribā* practised by the Thaqif tribe. Therefore, this verse refers to two issues in the sense that it prohibits *ribā* and encourages the giving of *zakah* to alleviate the sufferings of the poor. It also shows Allah's disapproval of *ribā* and states that there is no reward in this world and the hereafter from Allah for a person dealing in *ribā* and Allah's blessings are taken away from such dealings.

The second revelation on *ribā*

The second verse on *ribā* in the order of revelation is Q4 verse 161. The verse was revealed to the Prophet in Madinah.

وَأَخَذِهِمُ الرِّبَا وَقَدْ نُهُوا عَنْهُ وَأَكْلِهِمْ أَمْوَالَ النَّاسِ بِالْبَاطِلِ ۗ وَأَعْتَدْنَا لِلْكَافِرِينَ مِنْهُمْ عَذَابًا أَلِيمًا

And their taking of *Ribā* though they were forbidden from taking it and their devouring men's substance wrongfully. And we have prepared for the disbelievers among them a painful torment (Q4:161).

To get the clear picture, the forgoing verse must be read in conjunction with this verse.

فَبَطَّلْنَا مَنَ الدِّينِ هَادُوا حَرَّمْنَا عَلَيْهِمْ طَيِّبَاتٍ أُجِلَّتْ لَهُمْ وَبِصَدِّهِمْ عَنْ سَبِيلِ اللَّهِ كَثِيرًا

“For the wrongdoing of the Jews, we made unlawful for them certain good foods which had been lawful for them-and for their hindering many from Allah's way” (Q4:160). Allah says He forbade many lawful things for Jews because they involved in injustice, transgression, defying their messengers and disputing with them. The Jews refused to listen to Allah; He prohibited *ribā* for them; yet they were fond of taking it using various kinds of tricks, ploys and cons. Because of this, Allah prepared for them a painful torment. It is mentioned in the *surah* what were the actions of Jew and their consequences. They took interest from non-Jews but they considered it prohibited to take the same thing from Jews as contained in Deut. 2:19 and Ezekiel 18:8.

However, the views of al-Qurtubi is different (Ahmad al-Qurtubi, 1935: 348). He believed that the ban here does not concern *Sharī'ah* as it applies to Jews alone. Al-Qurtubi's view cannot be correct because the same prohibition is levelled against usury in Islam. In the view of at-Tabari (Ibn Jarir At-Tabari: 391), the usury that was forbidden for the Jews was the same with the usury of the pre-Islamic period that was banned for Muslims. It should be noted that all the revelations came from the same God. Therefore, one revelation if it is in its pristine form confirms the other. Commentators ignored the types of *ribā* that was forbidden for the Jews. It should be mentioned that the strong term with which *ribā* was prohibited for Jews though they violated it is exactly the same view expressed in the Quran.

The third revelation on *ribā*

Suratul Al-Imran verse 130 contains the third revelation on *ribā*. It goes thus: "O you who believe! Do not consume *Ribā* doubled and multiplied, but fear Allah that you may be successful" (Q3:130).

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُضَاعَفَةً ۖ وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ

It is clearly said that *ribā* should not be consumed. The implication of this is to liken the eating of *ribā* to the way a person will feel disgusted if he is to be referred to as a gluttonous person. It is in the same way that the issue of *ribā* is viewed for those who take it. The verse was believed to have been revealed to the Prophet in Madinah in the wake of the Battle of *Uhud* to warn Muslims against taking loan with interest. This was because the Muslims were contemplating of raising loan with interest to fight back the polytheists in order to revenge the defeat they received during the battle of *Uhud* (Fakhrud-Din-al-Razi, 2). The battle of *Uhud* ended without a clear winner though the Prophet was seriously wounded. At-Tabari's view was that the verse was revealed in relation to Banū Thaḳīf's taking of interest from Banu Mughirah after the latter had accepted Islam (Ibn Jarir at-Tabari, : 204). He said the verse was addressed to them to stop taking double and redoubled interest. This assertion of Tabari may not be correct in the sense that the battle of *Uhud* took place in the third year of *Hijrah* and the Banu Thaḳīf was converted to Islam in the ninth year of *Hijrah*. The verse could have been revealed to address the believers who were reviewing the reasons behind their defeat during the said

battle. Ibn Jarir At-Tabari, the author of *Jami'ul bayan*, supports this view regarding the permissibility of simple interest.

In pagan times the Banu Tha'qif used to advance loans to another person for a fixed period. At the expiry of the fixed time, the creditor demanded from the debtor either his principal or an additional sum for the extension. The debtor either repaid his debt if he had money with him or requested an extension in the period of repayment, with the result that if one year old she-camel was due, at the expiry of the extended period, he would be required to give a two-year old she-camel; and at the second extension, he would return a she-camel which has passed her third year but was not four year old. If this were impossible, for the third year the creditor demanded a camel which had passed its fourth year, but was within its fifth year and so on and so forth. The same thing prevailed in transactions of gold or silver. The debtor, on his failure to repay his debt after one year, was bound to pay double the principal loaned out. For instance, if a sum of RS 100 (one hundred) were borrowed, in the second year the creditor demanded Rupees two hundred; in the third year Rupees four hundred, and so on, until the debtor discharged his complete debt (Iqbal Qureshi, 1983: 60).

It should be noted that Q2:279 which says "But if you repent, you shall have your capital sums. Deal not unjustly" prohibits all kinds of *ribā*. It should be noted that Q2:278 and Q2:279 prohibit all forms of *ribā*, simple or compound, whether it is added at the beginning of the contract or at the due date.

They also considered *ribāl al fadli* (*ribā* in sale contracts and other exchange transactions) as hypothetical *ribā*. This is not correct if one takes into consideration the Hadith of the Prophet reported by Ubaydah on the issue as quoted fully in the later part of this paper. Moreover, the four orthodox caliphs and seven of the most trusted companions reported the Hadith. In addition, Hadith is complementary to the Quran by giving details on how and when some acts are done. For instance, it is Hadith that gives the details of *salāh* (i.e. number of rakats, compulsory aspects of *salāh*, voluntary aspects of *salāh* etc), *zakah* (the *nisab*, other articles on which *zakah* is paid e.t.c), *sawm* (other voluntary fasts in Islam, *Zahūr*, *iftār* e.t.c) *Hajj* (how it is done) etc. If Hadith should play all the above-mentioned roles and many others, it is not right to condemn or ignore a Hadith related by "who is who" among the companions of the Prophet concerning the Hadith on *ribā al fadl*.

The ban on usury, compound or simple is total irrespective of the forms or the rates. It can also be added that there was no distinction between compound and simple interest during the pre-Islamic and Islamic period as we have it today.

The prohibition of *ribā* in this verse is not limited to the simple or compound interest but it covers all rates and forms of interest. Sayyid Qutb believes in his *tafsīr* that the act of banning interest in this verse is not to confine it to compound interest but to show how hateful it is to take or pay interest before Allah. He says:

... They say the prohibition is limited only to excessive usury which leads to the multiplication of the principal amount of money time after time. They also claim that rates of interest of 4, 5, 7 or 9 per cent and similar ones cannot lead to any such multiplication. Hence, they argue, they are excluded in the prohibition of usury. Let us begin by stating clearly that the reference to multiples is simply a description of something that was happening in life... the Quranic statement in surah 2, makes a clear prohibition of all usury. It addresses the believers and forbids them "give up what remains outstanding of usury" (2:278). It relates to all that exceeds the principal amount without qualification. Now that we have established this principle, we have a word to say concerning this description. It is in fact not a description of the usurious descriptions which took place in the Arabia Peninsula at a particular point in history. It is a description of detested system of usury per se regardless of the rate of interest. When a financial system is based on usury, it makes the financial cycle revolves around it. We have to remember that usurious transactions are neither single, isolated sections nor simple ones. They are both repetitive and compounded. If we add the element of time to these two aspects, we find that inevitably lead to the multiplication of the principal amount time after time. By its very nature, the usury system leads to such multiplication. The description here is not, therefore, limited to transactions known in Arabia at the time of the revelation of this verse. It is characteristic of this system at all times (Sayyid Qutub, 2006: 211)

It is a normal business of banks to credit accounts of their customers daily or weekly or monthly or yearly as the case may be with interest accrued on the amounts in their savings accounts. This multiplies month after month or year after year. Usury, therefore, multiplies by repetition. It is not a case of ₦100 becoming ₦200. Gradually ₦100 may become more than ₦200 because of repetition. For instance, some microfinance banks charges 5% per month. This means 60% is the interest rate per annum, which is far greater in Nigeria than the rate of interest in the universal banks (14%).

Therefore, the ban on usury here is total irrespective of the forms or the rate. It can also be added that there was no difference between interest and usury

during the pre-Islamic and Islamic periods as we have it today in our financial system. Sheikh Mahmud Shaltut said the phrase, “multiple of multiple”, is meant to reprimand or give a big condemnation to the taking of interest by the Arabs (Shaltut, 1974). It does not mean that only excessive usury is forbidden but all forms of interest, high or low are prohibited. The ban on usury can be likened to Quran 24 Verse 33 wherein Allah says:

وَلَا تُكْرَهُوا فَتَيَاتِكُمْ عَلَى الْبِغَاءِ إِنْ أَرَدْنَ تَحَصُّنًا

“...Do not force your girls to commit prostitution if they wish to be immune against it, in an urge to obtain the property- other than dinars & dirhams of life in this world.” The objective of this verse is not to discourage Muslims from forcing or encouraging their girls to commit prostitution nor to allow them to commit it if they wish or are interested in the commercial sex. Rather, the implication of this verse is to condemn the act of prostitution whether it is done willingly or unwillingly. In the same vein, Allah prohibits the act of usury whether high or low, at all times and places. Therefore, all forms of usury high or low are covered in this verse. The issue of multiplicity is not only that, say ₦50 becomes ₦100 or ₦100 becomes ₦200, i.e. doubling the amount, it includes also multiplicity in the ages of the camels on loan where a three-year old camel is paid for a two-year old camel; a five year old camel for a four-year old camel etc. It is seen from the above-mentioned examples of camel that a three-year old camel taken for a two-year old camel is not equal to two camels aged 2 years.

Ibn Kathir's view is also appropriate here to bring home how a continual increment can lead to the doubling of the original loan. He says “If the debtor asks for deferment of the loan, the creditor would require interest and this would occur year after year until the little capital becomes multiplied many times” (Shaykh Safiur-Rahman, 2000: 267-268). The increase continues until the original loan is doubled and at times four or more times the original loan. In relation to the above-mentioned verse, the comments of Ibn Kathir are explicit on how a little capital becomes multiplied many times as a result of passage of time. He said:

Allah prohibits His believing servants from dealing in *Ribā* and from requiring interest on their capital, just as they used to do during the time of *Jahiliyyah*. For instance, when the time to pay a loan comes, the creditor would say to the debtor, “Either pay now, or the loan will incur interest”. If the debtor asks for deferment of the loan, the creditor would require interest and this would occur year after year until the little capital becomes multiplied many times. Allah also commands His servants to have *Taqwā* of Him so that they may achieve success in this life and the hereafter. Allah also threatens them with the Fire and warns them against it (Shaykh Safiur-Rahman, 2000: 267).

Ad'āfan mudā'afah (doubled and multiplied) in the verse under study means a continual increment which could lead to the doubling of the original loan. Allah uses “doubled” in the verse under consideration to mean the increment and not to the original amount of loan. This is because *ribā* means an increase. The increase continues until the original loan is doubled and at times, four or more times the original loan as a result of the accumulated interest. By way of explanation, this table was formed by the researcher to bring home the points being made.

Table 3.1 Explanation of compound interest

Year	Original loan	Cumulative loan	Interest 20%	Cumulative interest
1	100	100	20	20
2	100	120	24	44
3	100	144	28.8	72.8
4	100	172.8	34.56	107.36
5	100	207.36	41.47	148.83
6	100	248.83	49.76	198.59
7	100	298.59	59.72	258.31
8	100	358.3	71.66	329.97
9	100	429.96	85.99	415.96

Source: Developed by the author

As can be seen from the table, the loan is about one and a half of the original as a result of the interest i.e. in the years 3 and 4. In year 5, it has doubled the original loan. In year 6, the loan to be paid is more than double. In year 9, the loan to be paid is more than four times the original loan taken.

It must be mentioned that the phrase “*Ataqdi am turbi*” (Do you want to settle the loan or pay ar-*Ribā*) as quoted earlier from the sayings of Ibn Kathir is controversial. Some scholars believed that it refers to *ribā* of the *Jahiliyyah*. Another group is of the view that the interest was imposed on the loan at the

due date if the borrower is unable to pay and not at the beginning of the loan contract. Therefore, they believed that loan with interest nowadays cannot be included among the prohibited loan because the interest is imposed at the beginning of the loan contract and at the due date.

Based on the account of Ibn Hisham in his *as-siratun-Nabawiyyah*, the verse was revealed after the battle of Uhud. It was recorded that 60 verses were revealed starting with verse 121 of the *sūrat* Āli Imran, giving the description of the Battle of Uhud and reprimanding or censuring some people. If 121 and 60 are added together, verse 130 is included in the range. The implication of this is that verse 130 which is on usury is one of the 60 verses that were revealed after the battle of Uhud (Sami Ahmad Hamud, 1976: 151).

The verses revealed after the battle give some teachings on what should be done to have a virile Muslim society, to attain success in this world and the hereafter and to prepare Muslims for the challenges of this world and the one to come. Such preparations include shunning *ribā*, submission to the will of Allah totally, following the footsteps of the Prophet and spending in the way of Allah at all times.

The fourth revelation on *ribā*

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ۚ ذَٰلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا ۗ وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا ۗ فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَىٰ فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَىٰ اللَّهِ ۗ وَمَنْ عَادَ فَأُولَٰئِكَ أَصْحَابُ النَّارِ ۗ هُمْ فِيهَا خَالِدُونَ يَمْحَقُ اللَّهُ الرِّبَا وَيُزِيلُ الصَّدَقَاتِ ۗ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَتِيمٍ إِنَّ الَّذِينَ آمَنُوا وَعَمِلُوا الصَّالِحَاتِ وَأَقَامُوا الصَّلَاةَ وَآتَوُا الزَّكَاةَ لَهُمْ أَجْرُهُمْ عِنْدَ رَبِّهِمْ وَلَا خَوْفٌ عَلَيْهِمْ وَلَا هُمْ يَحْزَنُونَ يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ فَإِن لَّمْ تَفْعَلُوا فَأْزَنُوا بِحَرْبٍ مِنَ اللَّهِ وَرَسُولِهِ ۗ وَإِن تُبْتُمْ فَلَكُمْ رُءُوسُ أَمْوَالِكُمْ لَا تَظْلِمُونَ وَلَا تُظْلَمُونَ

Those who eat *Ribā* will not stand (on the Day of Resurrection) except like the standing of a person beaten by Shaytan leading him to insanity. That is because they say, “Trading is only like *Ribā*”, whereas Allah has permitted trading and forbidden *Ribā*. So whosoever receives an admonition from his Lord and stops eating *Ribā*, shall not be punished for the past; his case is for Allah to judge. But whoever returns such as the dwellers of the fire-they will abide therein forever (Q2:275)

Allah will destroy *Ribā* and will give increase for *sadaqat*. And Allah likes not the disbelievers, sinners (Q2:276)

Truly, those who believe, and do deeds of righteousness, and perform the *Salah* and give *Zakah*, they will have their reward with their Lord. On them shall be no fear, nor shall they grieve (Q2:277)

O you who believe! Have *taqwā* of Allah and give up what remains from *Ribā*, if you are really believers (Q2:278).

And if you do not do it, then take a notice of war from Allah and His Messenger but if you repent, you shall have your capital sums. Deal not unjustly, and you shall not be dealt with unjustly (Q2:279).

These Medinese verses were the last rules revealed to the Prophet about three months before his death (Sayyid Qutub, 2006: 465; Muhammad, 1960: 123). It is important to note that the preceding verse mentioned the act of charity. There is a long exhortation to give charity against giving loan on interest. In it, Allah extols the beauty of being generous, and the rewards that await the givers of *Zakah*. No fear shall grieve them and they will not be sad on the Day of Judgment i.e. they will not enter hell. If a person is used to giving charity, it is always very easy for the person to give loan without interest. The opposite of charity is mentioned immediately after the exhortation on *zakah* i.e. usury. Allah confirms the ban on usury to show that those who deal in usury are wicked people. In the above-mentioned verse, Allah gives a description of the usurer as somebody that has been driven to madness.

In fact, as regards usury, Sayyid Qutub said: “no other issue has been condemned and denounced so strongly in the Qur’an as has usury; nor has any practice come in for stronger warnings, spelling out fearful doom” (Sayyid Qutub, 2006: 454). Allah refers to the rise of the eaters of usury in this verse. This is capable of referring to their rise from the grave as if a person afflicted by insanity or possessed by a demon would on the Day of Judgment. If the rise is related to this world, it may mean that the eaters of interest will never know peace and security. Therefore, they live in turmoil like an insane person. Some commentators supported the first interpretation while some were of the second view i.e. the verse relating to this world. Among those who considered the rise to be related to this world is Sayyid Qutub when he said:

It is a frightening image, far more effective than any threat or admonition. The image of a person possessed by the evil is an evocative and terrifying one, most effective in deterring usurers and in conveying the message to others. It shakes the human conscience and brings home the horrible reality of the effects of usury on individuals as well as society as a whole”. In his opinion, he said: “Most commentators have suggested that the verse refers to rising before God on the Day of Judgment, but I

am of the view that this is a metaphor for what actually happens in life on this earth. This interpretation is supported by a later passage warning usurers of an impending war against them by God and His messenger. In my view, we can see the effects going on in the world today. The whole world is currently reeling under the dire consequences of a pervasive international usury-based financial system (Sayyid Qutub, 2006: 457).

The implication of likening a person taking interest to a person afflicted with insanity is that just as an insane person cannot see the consequences of his actions, the eaters of usury are oblivious of the consequences of their action. They do not care about what happens next to the society in which they live and the world at large. Individuals or governments may incur debts more than they can pay because they are blind to the consequences. When a person is involved in taking loan with interest, he may not be able to realise the goodness in man. Thus, he becomes a hard-hearted person. In fact, moneylender may create a situation where people are forced to take loan with interest. War is an example of what money lenders may create to create rooms for the opponents to seek loan with interest to fight on. If a person wants to pay interest, his mind is not settled again. He acts carelessly and hastily to get money by all means and lower his dignity. In fact, all his acts resemble an insane person. Then, there is a clarification between trade and interest. Allah says He permits trade and forbids interest. In His wisdom, He knows better than any being. When commenting on “whereas Allah has permitted trading and forbidden *ribā*”, Ibn Kathir says “it may be a continuation of the answer to the disbeliever’s claim that trade is like interest” (Shaykh Safiur-Rahman, 2000: 69-75). The response is to inform them or show them the difference because according to Ibn Kathir “Allah is the Most Knowledgeable, Most Wise, Whose decisions are never resisted. Allah is never asked about what He does, while they will be asked. He is knowledgeable of the true reality of all things and the benefits they carry. He knows what benefits His servants, so He allows it for them, and what can harm them, so He forbids them of it. He is more merciful with them than the mother with her own infant” (Shaykh Safiur-Rahman, 2000: 69-72).

As regards taking interest on loan, it may be sad to note that it seems impossible to do a business without loan with interest because of the people’s feelings of perceiving interest and business as two things that are inseparably

mixed up. However, these are not correct. There was a time when loan without interest was given to transact business. Business was established perfectly and profitably. What needs to be done is to create a conducive environment. In his own interpretation, Sayyid Qutub says;

Their argument rested on the false assumption that the objective of both trading and usury was to secure gains, but trading is open to the risk of loss as well as to making profit. It also requires real tangible input from the trader. Usury transactions, on the other hand, are aimed at bringing guaranteed gains for the lender in any case. That is the crucial difference between the two. Any transactions involving a guaranteed return for the lender, under all circumstances, are usurious and, hence, forbidden. There can be no argument on this point. God has permitted trading for many reasons that make it beneficial for human life, and the absence of guaranteed returns is first among them” (Sayyid Qutub, 2006: 461).

Thereafter, Allah promises forgiveness as regards the taking of interest in the past if a person decides to stop the practice. This is an indication that Allah is merciful. The Prophet during his farewell sermon said: “All cases of *ribā* during the pre-Islamic period of ignorance are annulled and under my feet, and the first *ribā* I annul is the *ribā* of al-Al-Abbas (the Prophet’s uncle)” (Shaykh Safiur-Rahman, 2000: 70-71; Chapra, 1985: 236). Then, Allah mentions that He will deprive usury of all blessings in this world and in the Hereafter. Ibn Kathir is of the view that; “Allah states that He destroys *Ribā*, either by removing its money from those who eat it or by depriving them of the blessings, and thus, the benefit of their money. Because of their *Ribā*, Allah will torment them in this life and punish them for it on the Day of Resurrection. As the word “*Yamhaqu*” indicates, it means a time is coming when interest taking will be removed from our society and charity will be substituted for it. This was the case during the time of the Prophet and that of Umar b.al-Khaṭṭāb when there was nobody to collect *Zakah*. (Ra’ana, 1991: 119). The increase or multiplicity that is envisaged through *zakah* is quite different from the fake increase through interest though both increases have the same root. Ahmad (1988) in his commentary said:

It is of interest to note that the word, *yurbī* (will cause to increase) is from the same root as “*rabā*” (interest). The clause thus beautifully hints that whereas the world looks upon the taking of interest as a means of increase, the real

increase thereof lies in charity. The word also means that God, in His dealings with men, will deal kindly with those who spend their wealth in charity so that they will eventually prosper and thrive, while those who lend or borrow money at interest will be punished by God (Ahmad, 1988: 345) *Zakah* can assist the poor to improve their miserable lot and to protect their dignity and self-respect while interest does not only add to the sufferings of the poor economically but it also makes the poor poorer and the rich richer. The verse makes it clear that it is on co-operation basis that the wealth of a nation can increase and not through interest.

Then, Allah makes a contrast between the present verse and the preceding one by praising and promising those who believe, do good works, observe prayers and give *zakah* tranquility and happiness on the Day of Resurrection. *Zakah* denotes alms giving willingly to the poor without expecting anything in return. If the institution is well established in a society, there will not be any need to resort to usury in any affairs of human endeavours. It can create a caring healthy, virtuous, decent, sympathetic and supportive society and shape the daily lives of people. If there are individual diligence and honest co-operation, *zakah* is capable of leading to economic growth and prosperity. Despite the merits of *zakah* and the havoc of usury, many people still believe that no system can run without interest. Sayyid Qutub captured vividly the feelings of such people when he commented on the verse in relation to such comments:

These generations have become accustomed to the odious effects of the materialist usurious system which promotes greed, unashamed self-interest and social antagonism. They have come to accept that economic and commercial life cannot be run without usury, although under this system, the transfer of wealth is often accompanied by explanation while people who have no money have no security in life, and industry and commerce become hostages to the money lenders. To contemporary eyes, *zakah* appears as an outdated form of charity that does not fit into modern economic or financial systems. Yet *zakah* is paid out by people educated by Islam to implement Islamic laws and regulations, and to establish a system that can hardly be imagined by those who have never experienced it (Sayyid Qutub, 2006: 463).

Having promised those who submit to His will and act in a spirit of co-operation, tranquility and happiness in the other world, Allah threatens the *ribā* supporters, assuring them of living in fear, confusion, and insecurity. It is

against God-fearingness to take interest, which inflicts pain on the society particularly the poor, for Allah loves goodness and kindness to the poor. He also wants people to be fair, just, equitable in the distribution of wealth among people, and peaceful in their relationships and dealings with one another. However, interest demolishes these blessings. Verse 278 of chapter 2 is emphasising God-consciousness for Muslims of all ages to abandon the remnants of pre-Islamic usury. However, some commentators believed that the verse (Q2: 278) referred to *Banū Thaqif* who was fond of taking interest before their conversion to Islam in the ninth year of *Hijrah*. Banu Mughirah owed them a lot of interest. They were demanding it vigorously when the matter was put to the Prophet through the then Governor of Makkah, Attāb b. Usayd seeking his opinion. The Prophet asked them to give up the remnants of interest. Ibn Kathir gives the details.

Zayd bin Aslam, Ibn Jurayj, Muqaatil bin Hayyan and As-suddi said that the ‘Ayah was revealed about Banu Ams b Umayr, a sub-tribe of Thaqif and Banu al-Mughirah, from the tribe of Banu Makhazum between whom were outstanding transactions of *Ribā* leftover from the time of jahiliyyah. When Islam came and both tribes became Muslims, Thaqif required Banu Al-Mughirah to pay the *Ribā* of that transaction but Bani Al-Mughirah said, “We do not pay *Ribā* in Islam”. Attab bin Usayd, the Prophet’s deputy in Makkah, wrote to the Messenger of Allah (PBOH) about this matter. This Ayah was then revealed and the Messenger of Allah conveyed it to Attab (Shaykh Safiur-Rahman, 2000: 78).

Al-Qurtub’s account (Ahmad al-Qurtubi, 1935: 363) and others related the same story. Everybody, the poor and the rich; the high, the medium and the low are all suffering from the shackles of interest though the types of the suffering may not be the same. The so called rich people are not immune from its poison but they put on bold face pretending to be enjoying i.e. a false enjoyment. The description of this false enjoyment by Ahmad speaks volume in relation to interest when he said:

Even the upper classes are not entirely secure against its poison, but they are deriving a false enjoyment from it like the proverbial leopard who ate away his own tongue by rubbing it against a rough stone, foolishly thinking it to be the blood and flesh of another animal. Unfortunately, those who are willing to forego it are too weak to withstand the force of the current system (Ahmad, 1988: 347).

Lessons drawn from the four revelations

- Gifts should not be given with the hope of receiving better gift in return.
- Gifts should be given for the sake of Allah alone.
- Usury creates conflict, hatred, jealousy, injustice and the like while charity promotes cooperation, collaboration in the society, harmony and the like.
- *Zakah* should be given for the sake of Allah alone.
- Prohibition of *ribā* concerns everybody. It applies to Muslims, Jews, Christians and other people.
- The ban on usury is total irrespective of the forms or the rate.
- Allah makes a distinction between trade and interest. The former is lawful while the latter is unlawful for all people.
- Any surplus which is as a result of trade is legitimate. But the surplus one earns without sharing risk and liability is forbidden.
- If one has involved in *ribā*, he should receive only his principal amounts
- Any addition to the capital in a transaction is *ribā*. The creditors are only entitled to their capital sum only.
- Both simple and compound interests are forbidden.
- Loan contracted for consumption and production of goods and services should not attract interest. There is no difference between the two.
- It is injustice to deny the creditor his principal sum. It is also an injustice to demand interest from debtor.
- If one continues dealing in *ribā*, one is inviting war from Allah and His Messenger. The outcome of going to war against Allah and His Messenger is a foregone conclusion.
- If debtors are unable to pay as and when due, creditors are urged to exercise patience by giving more time to debtors.
- If it is possible for creditors to write off debtor's debt, it is regarded as an act of charity.
- Both creditors and debtors should fear Allah, the All Seeing.

Hadith on *Ribā*

The Prophet, during his farewell sermon, was reported to have referred to *ribā* when he waived the accrued interest due to his uncle Abbas and asked him to take only his principal from his debtors. He said: 'Beware, all *ribā* outstanding from the *ribā* prevalent during the pre-Islamic era is void. You are entitled to your principal money. Neither shall you oppress nor shall you be oppressed'. Beware! All *ribā* of pre-Islamic era is annulled and the first claim of *ribā* which I cancel is that of my uncle" (Shaykh Safiur-Rahman, 2000: 71; Chapra, 1985: 236). Furthermore, there are many *Ahādith* that discourage not only the taking and giving of *ribā*, but also curse those who record it and witness the contract of loan on interest. From Jabir who said, "The Messenger of Allah

(PBOH) cursed the one who charges *ribā*, he who gives it, the one who records it and the two witnesses saying that they are all equal” (Abdul Hamid, 1974: 839). The Prophet was reported by Ubaydah to have said: ‘The Messenger of Allah (saw) said: Gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, salt for salt, like for like, in equal weights, from hand to hand. If those species differ, then sell as you like as long as it is from hand to hand’ (Abdul Hamid, 1974: 834-838).

This Hadith is referring to a transaction that is usurious in nature. If a commodity of the same genre is exchanged for each other, both must be equal in weight and quantity. If the quantity of one is greater than the other, the excess is *fadl (ribā)*. In the same vein, if money is exchanged for money of the same currency or coin, both must be the same. If the quantity of one is not equal to the quantity of the other, the excess (*fadl*) is *ribā*. For instance, if one exchanges N100 notes for N100 notes of the Nigerian currency, there is no *ribā*. However, if N100 is exchanged now or later for N200, the excess is *ribā al-fadl*. Therefore, *ribā al fadl* happens in a homogeneous exchange when there is an increase from one side in terms of weight or measurement. In an exchange of 2kg of chicken for 5kg of the same type (i.e. homogenous commodity) of chicken, the excess of 3kg is *ribā*. The equality rule must be observed when exchanging goods of the same kind for each other. Otherwise, the difference is *ribā*. If commodities to be exchanged for the other belong to the same genre, one may say that there is no need for the exchange. But the need may arise to exchange commodities of the same genre. For instance, someone may need a commodity today, and so collect it from a source only to return it later. There is also no need to exchange one commodity for the other if they are of the same quantity. However, if their qualities are not the same, that is another reason for the exchange i.e. to take an advantage of the good quality over the bad one. If the exchange is done for the reason of quality, it is acceptable inasmuch they have the same quantity, but if the quantity of one is greater than the other, the excess is *ribā*. So quality or value should not be considered when exchanging one commodity for the other of the same nature. The advice of the Prophet to sell the bad ones and use the proceeds to buy the good ones is a way out of avoiding *ribā*, fraud, deceit, cheating and their likes. According to Abu Sa’id al Khudri, Bilal came to the Prophet with a good kind

of dates called Barni. The Prophet asked him “from where did you get this?” Bilaal replied. “We had some bad dates which we traded two measures for one”. The Prophet said, “Oh it is exactly ar-Ribā, it is exactly ar-Ribā. Never do it. But if you want to buy such dates, you can sell your dates for money and then with the help of that (money) buy the dates” (Abdul Hamid, 1974: 839).

The Prophet prohibited this kind of exchange because it will be difficult to maintain the equivalence between the two commodities, which are to be exchanged for each other. If one commodity which has a better quality or grade is exchanged for the other of the same quantity and of the same type which has a lesser quality, the excess in terms of quality (not quantity) is regarded as a *hibah* (donation) because the owner of the commodity with a better quality has given his consent and exchanged it willingly. When a donation is given, no rewards are expected. Prompt delivery and equality in weight and quantity must be fulfilled if the two objects are of the same genus. However, if they are different in terms of genus, the first condition must be fulfilled i.e. *yad biyad* (prompt delivery). There should never be a delay. It must be exchanged on the spot if they are different in genre. Different metals are exchanged or different types of foods are exchanged if the exchange is on the spot. In that case, *ribā* is not committed in relation to the Hadith, which says, “sell gold for silver as you wish if it is hand to hand and sell barley for dates as you wish if it is hand to hand”.

However, if metal is exchanged for food, the two rules, equality and prompt delivery are not observed and no *ribā* is committed. This is because free trading is allowed for such sales transactions as can be inferred from the Hadith. The following three tables are modifications on ElGous’s table on the explanation of the Hadith on *ribā*

Table3.2 The Hadith of the six kinds of item (1)

	Gold	Silver	Equality in quantity	Prompt delivery	<i>Ribā</i>
Wheat	-	-	Not applicable (N/A)	Not applicable	No
Barley	-	-	N/A	N/A	No
Dates	-	-	N/A	N/A	No
Salt	-	-	N/A	N/A	No

Source: Modified by the author

Table 3.3 The Hadith of the six kinds of item 11

	EXCHANGE					CONDITIONS		Remarks <i>Ribā</i>
	G O L D	S I L V E R	W H E A T	B A R L E Y	D A T E S	Equality in quantity	Prompt delivery	
Gold	-					-	-	No
Silver		-				-	-	No
Wheat			-			-	-	No
Barley				-		-	-	No
Dates					-	-	-	No
Salt					-	-	-	No

Source: Modified by the author

If equality is not present, *ribā al fadli* is committed. If prompt delivery is not there, *ribā nasāi* is committed. If both equality and prompt delivery are not present, *fadli* and *nasāi* (riba of delay, due to exchange not being immediate) are committed.

Table 3.4 The Hadith of the six kinds of item (111)

EXCHANGE						CONDITIONS		Remarks <i>Ribā</i>
G	S	W	B	D	S	Equality in quantity	Prompt delivery	
	O	I	H	A	A			
	L	L	E	R	T			
	D	V	A	L	E			
		E	T	E	S			
		R		Y				
Gold		-				Not required	Yes	No
Silver	-					N/R	Yes	No
Wheat				-	-	N/R	Yes	No
Barley			-	-	-	N/R	Yes	No
Dates			-	-	-	N/R	Yes	No
Salt			-	-	-	N/R	Yes	No

Source: Modified by the author

It is also gathered from the Hadith the time value of money. It is clear that Islam does not attach value with time. One cannot say because of the delay the agreed amount must be increased to take care of the deferment of time. To solve the problem of deferment of time, the Hadith enjoins prompt delivery of goods on the spot. If an amount is agreed upon, one cannot increase the amount because of the delay. The same amount agreed upon is collected irrespective of time. If prompt delivery is not emphasised, it may put one party at an advantage at the expense of the other's loss, particularly during the waiting period. The exchange price might be increased or decreased and may be in favour of one party at the expense of the other as earlier discussed with an example. If the exchange rate is higher than the agreed price, demand and supply can make an exchange rate change. If it is not through market manipulation or hoarding, it is not right for anybody to control price. In relation to the change in price as a result of demand and supply, the Prophet is reported to have said: "The people said: O Apostle of Allah! Prices of things have risen, price them for us. The Prophet replied, it is Allah Who prices, and

He is the Provider and I hope to meet Allah without being asked by any one of you for an iniquity in blood or *māl* (wealth) (Muhammad, 1986: 284).

Conclusion and Recommendation

Time does not have any value with purely financial transactions in Islam. Any business transaction that involves charging price for time is not allowed. This is because it is *ribā*. It is also gathered from the Qur'an and Hadith the time value of money. One cannot say because of delay the agreed amount must be increased to take care of the deferment of time. To solve the problem of deferment of time, the Hadith enjoins prompt delivery of goods on the spot. If an amount is agreed upon, one cannot increase the amount because of the delay. The same amount agreed upon is collected irrespective of time.

Ad'āfan mudā'afah (doubled and multiplied) in the Qur'an means a continual increment which could lead to the doubling and re-doubling of the original capital of the original loan. Allah uses "doubled" in the verse under consideration to mean the increment and not to the original amount of loan. This is because *ribā* means an increase. The increase continues until the original loan is doubled and at times, four or more times the original loan as a result of the accumulated interest. When the same commodity is being exchanged, there should be equality in quantity and prompt delivery. By making the quantity equal, the quality has been ignored. If the quality is to be considered, both the qualities need to be converted into money and exchanged at market prices. If the commodities being exchanged are different, then there should be prompt delivery. Quantity is taken into consideration while quality is ignored in the Hadith to safeguard the one that may not have the ability to appreciate quality and, therefore, he is exploited by the one that is smart in distinguishing the quality.

Prompt delivery is emphasized to guard against putting one party at an advantage at the expense of the other's loss, particularly during the waiting period. The exchange price might be increased or decreased and may be in favour of one party at the expense of the other. The usury that was forbidden for the Jews was the same with the usury of the pre-Islamic period that was banned for Muslims. The strong term with which *ribā* was prohibited for Jews is exactly the same view expressed in the Qur'an. It should be noted that all the revelations came from the same God. Therefore, one revelation if it is in its

pristine form confirms the other. It should be noted that Q2:279 which says “But if you repent, you shall have your capital sums. Deal not unjustly” prohibits all forms of *ribā*, simple or compound, whether it is added at the beginning of the contract or at the due date. It can also be added that there was no distinction between compound and simple interest during the pre-Islamic and Islamic period as we have it today. It addresses the believers and forbids them “give up what remains outstanding of usury” (2:278). In Islam, money is a means to an end and not an end on its own. Efforts should be made by individuals and governments at different levels to establish the institution of Zakah for Muslims and non-interest financial institutions to empower both Muslims and non-Muslims.

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