

## Dealing with usury-based banks

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allaah, the Most Merciful, the Bestower of Mercy

**Question:** What is the ruling concerning dealing with usury-based banks through permissible transactions? And may Allaah reward you.

**Answer:** All praise is due to Allaah, the Lord of the Worlds. Peace and blessing be upon whom Allaah sent as a mercy to the Worlds, upon his Family, his Companions and his Brothers until the Day of Resurrection.

In principle, one has to refrain absolutely from dealing with usury-based banks even if the transaction is devoid of the forbidden usury; as the permissible transaction with such banks entails acknowledgement and approval of usury; this is materialised in the cooperation in the usury transactions and intensifying them. It should be noted that most of the permissible transactions entail transgressions of the religion that are manifestly invalid such as: imposing commercial insurance on the permissible bargains, all risks insurance, taking cut of the insurance and imposing taking loan on the contractor if he starts a project for example, as well as imposing a fine upon delay and suchlike.

It goes without saying that the permissible contracts when linked with invalid conditions and restrictions, they either become nullified or the condition is judged invalid without the contract. Both cases cannot occur within of usury-based banks and financial institutions system because they are not structured according to the religious ruling; that is why dealing (with them) is prohibited and concerned by the verse in which Allaah عزَّ وجلَّ says:

وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ

[ And cooperate in righteousness and piety, but do not cooperate in sin and aggression]<sup>1</sup>

this is the case in normal circumstances. However, when it is a question of need and necessity, i.e., if the Muslim is compelled or needs to make permissible transactions with usury-based banks while having no other alternatives; it is permissible for him to do that if necessity imposes it with its condition such as fund transfer via banks in return of payment;

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<sup>1</sup> Soorah al-Maa'idah[5:2]

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Allaah عزّ وجلّ says:

وَقَدْ فَصَّلَ لَكُمْ مَا حَرَّمَ عَلَيْكُمْ إِلَّا مَا اضْطُرَّرْتُمْ إِلَيْهِ

[And He has explained to you in detail what is forbidden to you, except under compulsion of necessity]<sup>2</sup>

The perfect knowledge belongs to Allaah عزّ وجلّ; and our last prayer is all the praises and thanks are to Allaah, the Lord of the Worlds, and prayers of Allaah are to Muhammad and his Family, Companions and Brothers until the Day of Resurrection.

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<sup>2</sup> Soorah al-An'aam [6:119]