

Interest and Its Role in Economy and Life (2 of 8)

The Islamic Stance

The Islamic Texts on Interest

When one reads the Islamic texts concerning interest, one is immediately taken by how stringent the warnings are against any involvement in interest. Islam prohibits a number of immoral acts such as fornication, adultery, homosexuality, consuming alcohol and murder. But the variety of discussion and extent of warnings for these other acts is not of the same level of those related to taking interest. This has led Sayyid Qutb to write, “No other issue has been condemned and denounced so strongly in the Quran as has usury.”

The Quran, for example, contains the following verses concerning interest:

“O you who have believed, do not consume interest, doubled and multiplied, but fear God that you may be successful. And fear the Fire, which has been prepared for the disbelievers.” (Quran 3:130-131)

This rather strong warning towards the believers warns of a fatal consequence: being thrown into the Hell-fire that has been prepared for the disbelievers.

God also says:

“Those who consume interest cannot stand [on the Day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say, ‘Trade is [just] like interest.’ But God has permitted trade and has forbidden interest. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with God. But

whoever returns [to dealing in interest or usury]—those are the companions of the Fire; they will abide eternally therein. God destroys interest and gives increase for charities. And God does not like every sinning disbeliever.” (Quran 2:275-276)

These verses have many interesting points to them. Commenting on the first portion of the verse, Maudoodi has written,

Just as an insane person, unconstrained by ordinary reason, resorts to all kinds of immoderate acts, so does one who takes interest. He pursues his craze for money as if he were insane. He is heedless of the fact that interest cuts the very roots of human love, brotherhood and fellow-feeling, and undermines the welfare and happiness of human society, and that his enrichment is at the expense of the well-being of many other human beings. This is the state of his “insanity” in this world: since a man will rise in the Hereafter in the same state in which he dies in the present world, he will be resurrected as a lunatic.

Secondly, the verses make it quite clear that there is a difference between legitimate business transactions and interest. The difference between them is so glaring that the verse does not bother to explain them, which is one of the stylistic aspects of the Quran. Thirdly, these verses clearly state that God “destroys interest and gives increase for charities.” This is one of God’s “laws” which humankind cannot necessarily discover on its own. The ultimate and full negative effects of interest on the individual, community and world as a whole in both this life and the Hereafter are known only to God. However, a glimpse of some of those negative effects, testifying to the truth of this verse, shall be given later in this paper. In fact, perhaps highlighting the meaning of this verse, the Prophet (peace and blessings of God be upon him) also said, “Interest— even it is a large amount— in the end will result in a small amount.” Undoubtedly, in the Hereafter when the individual meets God, all that he amassed via such illegal means will be a source of his own destruction.

Shortly after the above verses, God further says,

“O you who have believed, fear God and give up what remains [due to you] of interest, if you should be believers. And if you do not, then be informed of a war [against you] from God and His Messenger. But if you repent, you may have your principal—[thus] you do no wrong [to others], nor are you wronged.” (Quran 2:278-279)

Who in his right mind would expose himself to a declaration of war from God and His Messenger? Undoubtedly, a stronger threat one will rarely find. At the end of the verse, God makes it very clear why interest is forbidden: it is wrongdoing. The Arabic word for such is *dhulm*, meaning a person has done wrong to, harmed or oppressed another person or his own soul. This verse demonstrates that interest is not forbidden simply due to some ruling of God without any rationale behind that ruling. Interest is definitely harmful and therefore it has been forbidden.

In addition to the verses of the Quran, the Prophet Muhammad (peace and blessings of God be upon him) also made many statements concerning interest. For example, the following statement clearly demonstrates the gravity of this action:

“Avoid the seven destructive sins: associating partners with God, sorcery, killing a soul which God has forbidden— except through due course of the law, devouring interest, devouring the wealth of orphans, fleeing when the armies meet, and slandering chaste, believing, innocent women.” (al-Bukhari and Muslim)

In fact, another statement of the Prophet (peace and blessings of Allah be upon him) should be sufficient to keep any God-fearing individual completely away from interest. The Prophet (peace and blessings of Allah be upon him) said:

“One coin of interest that is knowingly consumed by a person is worse in God’s sight than thirty-six acts of illegal sexual intercourse.” (al-Tabarani and al-Hakim)

The Companion Jaabir narrated that the Messenger of God (peace and blessings of God be upon him) cursed the one who takes interest, the one who pays interest, the witnesses to it [that is, the interest contracts] and the recorder of it. Then he said, “They are all the same.” (Muslim)

This is a basic principle in Islam. If something is forbidden and wrong, a Muslim should not participate in it or support it in any fashion. Thus, since interest is forbidden, it is also forbidden to be a witness to such contracts, to record them and so on. The Prophet’s words also explain that there is no difference between the one who pays interest and the one who receives it. This is because they are both involved in a despicable practice and, hence, they are equally

culpable.

The Prophet Muhammad (peace and blessings of Allah be upon him) also said,

“If illicit sexual relations and interest openly appear in a town, they have opened themselves to the punishment of God.” (al-Tabarani and al-Hakim)

This statement is a reference to one of God’s “societal laws.” The punishment of God may come in different forms in this world or the next.

Sayyid Qutb, *In the Shade of the Quran* (Markfield, Leicester, England: The Islamic Foundation, 1999), vol. 1, p. 355

The Arabic word used in these verses of the Quran is ribaa. Ribaa can be defined as, “an excess and an addition; an addition over and above the principal sum [that is lent or expended].”

Cf., E. W. Lane, *Arabic-English Lexicon* (Cambridge, England: The Islamic Texts Society, 1984), vol. 1, 1023. Unfortunately, some translators of the Quran (including Abdullah Yusuf Ali, Khan and al-Hilali, and Pickthall) chose to translate the word ribaa as “usury.” This has led to some confusion, even among Western Muslims. The Oxford English Dictionary defines usury as,

“The fact or practice of lending money at interest; esp. in later use, the practice of charging, taking, or contracting to receive, excessive or illegal rates of interest for money on loan.”

In other words, at one time, the word “usury” was equivalent to the act of lending money on interest, back when this was still a despised act. After interest became completely legalized, the word usury began to mean

“lending at excessive or illegal rates.”

The Arabic term ribaa, in contemporary terms, must be translated as “interest” since it includes any and all payments made in addition to or above the principal.

Sayyid Abu Ala Mawdudi, *Towards Understanding the Quran* (Leicester, United Kingdom: The Islamic Foundation, 1988), vol. 1, p. 213.

Recorded by al-Hakim. See al-Albani, Sahih al-Jami al-Sagheer, vol. 1, p. 664, hadith no. 3543. Interest is all about amassing more money, even without putting the money at risk. This, in the long-run, however, does not necessarily produce happiness: “General Social Survey (GSS) study reported in Business Week (October 16, 2000) concluded that money was not buying happiness and the new life style and its aftershocks are causing the rise of unhappiness. According to that study, although there was a per capita increase in income between 1970 and 1998, Americans, to the contrary, grew less happy. The new social tendencies overshadowed any material gains. The study found that although extra income brings extra happiness, such impact was surprisingly poor. It also found that factors, such as gender and material status, weigh more heavily. Another find was that women are growing more unhappy than men. The increase in divorce and separation between spouses is having a negative impact on the family structure and the psychology of its members. Business Week concluded: ‘At the very least, it suggests that those who think income gains alone guarantee greater happiness are deluding themselves. And it implies that some apparent aspects of the New Economy, such as more bouts of unemployment and greater income inequality, carry significant psychological costs.’” Abdulhay Y. Zalloum, *Painting Islam as the New Enemy: Globalization & Capitalism in Crisis* (Technology One Group S.A. 2002), p. 357.