10541 - A charitable organization wants to issue discount cards

the question

Is it permissible to implement the following investment idea?
The idea is for a charitable organization to issue special cards which will enable the bearer to get special discounts of 15% or 20% or more from various stores, based on an agreement between the charity and the owners of these stores. The charity will charge special fees to be paid by those who will benefit from these cards, which is to offset the costs incurred by the club for employing people to contact the stores and draw up the agreements with the business owners, in addition to buying the machinery for producing the cards and the price of the cards themselves, renting office space, paying employees to receive those who come to buy these cards, paying for advertising, and other expenses, etc.

Detailed answer

Praise be to Allah.

Producing these cards is not permissible, based on what you have said. That is because the fee paid by those who will benefit from them will cause great harm to those who have no great need to buy those things from those stores. He may think that what he needs is too little, and it will be too much trouble for him to go to those particular stores. A year will go by without him having benefited from this card, or having covered the annual fee that he paid. This is like the way in which insurance companies operate. It will also have an adverse effect on the other stores which do not have an agreement with you. People, or most of them, will turn away from them and will go and buy from the stores with which you have an agreement to refer the people who buy the cards to them. It is haraam to cause harm to a fellow-Muslim. Hence we say that it is not allowed to deal in the cards which some companies make and which are a form of deception on the part of these particular stores, which give this discount to those who have these cards, but the discount they give is no more than the amount by which they raised their price over the price charged in other stores. So they make the person who has this card think that he has gotten a discount, when this

is not really the case. And Allaah knows best.