

120752 - Ruling on cards issued by Islamic banks which allow one to borrow without interest

the question

What is the ruling on the cards which are issued by Islamic banks, whereby the one who wants them pays subscription fees, then he can borrow from the bank without paying interest? Is the cost of subscription regarded as interest? Please note that if the customer does not borrow from the bank during that period, he will not get the price of subscription back.

Detailed answer

It is not possible to pass a ruling on any of these cards without examining them properly and finding out the system followed.

In general, there are two issues contrary to sharee'ah which the card must be free of:

1. Where the subscription fee is greater than the actual expenses incurred by the bank in issuing this card, because this additional amount in return for the loan is riba.
2. Where the bank imposes a penalty in the event of late payment. This is undoubtedly riba, whether the bank benefits from the penalty or donates it to the poor and the like.

Please see the answer to question [101947](#), in which it refers to the presence of these two objectionable matters in cards which it is are sharee'ah compliant.

This is what confirms the importance of checking every card before passing judgement concerning it, and not being deceived by the fact that it is issued by an Islamic bank or with the approval of the sharee'ah committee.

And Allaah knows best.