264483 - Ruling on getting cashback or discount from digital wallets when paying bills through them

the question

My question is regarding getting cash backs from different digital wallets like pay electricity bill get 10 % cashback recharge get 5 %cashback (Is this is Riba) 2)Also online digital wallets offers add 100 to your wallet and get 50 cashback (Is this is Riba) though they are not banks Example like Paytm,Freecharge,Mobikwik from India

Detailed answer

It is not possible to issue a ruling concerning digital wallets without knowing how they work, and the ways of investing in them, if there is any investment involved, and whether that is in harmony with Islamic teachings or not.

You have mentioned two things here:

The first thing is that the one who pays an electricity bill through the digital wallet can get back 10% or 15% of the value of the bill. This is subject to further discussion:

1.. If you do not have any money in the digital wallet – which is unlikely – then there is nothing wrong with paying through the digital wallet and getting this discount. Perhaps the digital wallet will benefit by getting this discount from the electricity company.

2.. If you do have money in the digital wallet, then if it was invested in a way that is permissible according to Islamic teachings, then there is nothing wrong with paying the bill through this wallet and accepting this discount, as it is a gift in return for investing. There is nothing wrong with that, because it is not a gift in return for a loan. But if the money was not deposited for investment, or it was invested in a manner that is not permissible according to Islamic teachings, then it comes under the heading of a loan, and it is not permissible to accept a gift in return for a loan.

That is because of the report narrated by Ibn Maajah (2432) from Yahya ibn Abi Ishaaq, who said: I asked Anas ibn Maalik: A man among us lent money to his brother, and was given a gift. He said: The Messenger of Allah (blessings and peace of Allah be upon him) said: “If any one of you borrows something then he gives (the lender) a gift or gives him a ride on his mount, he should not accept the ride or the gift, unless they used to treat each other in that manner beforehand.” Classed as hasan by Shaykh al-Islam Ibn Taymiyah in *al-Fataawa al-Kubra* (6/159).

Al-Bukhaari narrated in his *Saheeh* (3814) that Abu Burdah said: I came to Madinah and met ‘Abdullah ibn Salaam (may Allah be pleased with him). He said to me: You are in a land where riba is prevalent. If someone owes you something and gives you a gift of a load of straw or a load of fodder, do not accept it, for it is riba.

It says in *Qaraaraat al-Hay’ah ash-Shar‘iyyah li Masraf ar-Rajhi* (1/542, no. 355) regarding the distribution of gifts such as abayas and clocks to customers with bank accounts or credit cards, or users of the credit facilities:

1.. It is not permissible to give items as gifts only to holders of bank accounts or some of them, because that comes under the heading of prohibited forms of loans that bring benefits.

2.. This prohibition does not include promotional gifts that are not given only to holders of bank accounts; rather they are given to them and to others for promotional purposes, such as pens, calendars, magazines, books and so on.

3.. It is permissible to give gifts to holders of investment accounts, on condition that these gifts are not paid for at the expense of the investors. That is because investment accounts are not loans, so they do not come under the heading of loans that bring benefits. End quote.

Please see the answers to questions no. 147775 and 106418 .

However, we should point out that some of the scholars disallow that in all cases, so if a Muslim errs on the side of caution and refrains from accepting these kinds of gifts, that is better for him and is more prudent.

The second thing is that if you load the digital wallet with one hundred, then you earn fifty for that, that is not permissible under any circumstances, because it is either a riba-based loan or an invalid partnership.

If this money is not to be invested in accordance with the investment contract offered by those who are in charge of this digital wallet, then it is a loan, and it is haraam to take any interest on it.

If it was invested, then the usual condition of investment is to agree on a percentage of the profit, not to agree on a certain amount of money or on a percentage of the capital. This renders the partnership invalid.

If, in addition to that ,there is a guarantee of the capital, then this is a pure trick to get around the prohibition on riba-based loans.

You should realize that there are three conditions of investment being permissible:

1.. The money should be invested in a permissible field, such as real estate, for example.

2.. There should be no guarantee of the capital; rather it should be subject to gain or loss, so the one who trades with the money is not liable except in the case of transgression or negligence.

3.. There should be an agreement on a known percentage of the profit, not of the capital. So it may be said: you will have ten percent, for example, of the profit that will be made – not of the amount invested.

Any guarantee of the capital, or agreement on a specific amount as profit, renders the partnership invalid.

And Allah knows best.