

Islam Question & Answer

General Supervisor:
Shaykh Muhammad Saalih al-Munajjid

45929 - Should he buy shares in a company that puts its money in the bank and pays a part of the profits?

the question

The scholars have said that it is permissible to buy shares that are basically halaal and are put in the riba-based banks, on the condition that 15% of the profit is paid in the public interest.

My question is:

Is it permissible to give that to relatives to benefit from it, such as one's mother or siblings?.

Detailed answer

Praise be to Allah.

Firstly:

Buying shares in companies and organizations is permissible on the condition that they are trading in permissible goods and are not engaging in haraam transactions. One of the greatest of haraam actions is consuming riba. If one of these two conditions is broken, and the company is dealing in haraam things or is manufacturing haraam things, or it is dealing in riba, then buying shares is haraam and one should avoid that and find something permissible. The fact that a certain percentage of the profits is paid (in charity) does not make it permissible to buy those shares or make that profit halaal.

Shaykh Muhammad ibn Saalih al-'Uthaymeen (may Allaah have mercy on him) was asked about the ruling on buying shares in companies.

He replied:

Buying shares in companies is subject to further discussion, because we have heard that they put

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their money in foreign banks, or quasi-foreign banks, and take interest on it, which is a kind of riba. If this is true then buying shares in them is haraam and is a major sin, because riba is one of the worst of major sins. But if it is free of this then buying shares is halaal, so long as there is nothing else involved that is haraam according to sharee'ah. End quote.

Majmoo' Fataawa Ibn 'Uthaymeen (18/question no. 119).

The scholars of the Standing Committee were asked:

Is it permissible to buy shares in companies and organizations that offer their shares to the public at a time when we are uncertain as to whether these companies and organizations engage in riba in their dealings and we are not sure about that. Please note that we cannot be sure about that, but it is what we have heard from other people.

They replied:

With regard to companies and organizations that do not engage in riba or deal in haraam things, it is permissible to buy shares in them, but as for those that engage in riba or any haraam things, it is haraam to buy shares in them.

If there is uncertainty about any company, then it is safer not to buy shares in them, based on the words of the Prophet (peace and blessings of Allaah be upon him): "Leave that which makes you doubt for that which does not make you doubt." And the Prophet (peace and blessings of Allaah be upon him) said: "Whoever avoids doubtful things has discharged his duty and protected his religious commitment and honour."

Shaykh 'Abd al-'Azeez ibn 'Abd-Allaah ibn Baaz, Shaykh 'Abd al-Razzaaq 'Afeefi, Shaykh 'Abd-Allaah ibn Ghadyaan, Shaykh 'Abd-Allaah ibn Qa'ood.

Fataawa al-Lajnah al-Daa'imah li'l-Buhooth al-'Ilmiyyah wa'l-Ifta' (14/310-311)

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In the answer to question no. [21127](#) we quoted the fatwa of the Standing Committee which states the ruling on buying shares in charitable organizations, agriculture companies, banks, insurance companies and petroleum companies.

In the answer to question no. [8590](#) you will find the ruling on dealing in permissible shares and a warning against haraam shares.

Secondly:

If the share holder gets haraam profits from his shares, he must – after taking out his share and keeping it – get rid of the money that is surplus to his capital. He can spend it on charitable causes so long as he does not benefit from that in any way or relieve himself of some obligation or ward off some harm or wrongdoing from himself. So it is not permissible for him to spend it on himself or on any of his family members on whom he is obliged to spend.

For more details on that, please see question no. [292](#) and [81952](#).

And Allaah knows best.