101747 - Transferring money via a riba-based bank or via an individual in return for a fee

the question

We are working is Saudi Arabia and are compelled to use banks to send money home. Even if we send the money through Bank Al-Bilad or Al-Rajhi which seem to Islamic banks all the banks in our country are riba based and we fear that our money may be used by the bank for riba based transactions. As an alternative, one of the businessmen from our own place, who is working with us here in the kingdom, has some funds back at home and we want to know whether we can send the money through him. He will charge two Riyals more than the bank rate.

Detailed answer

Praise be to Allah.

Firstly:

It is permissible to transfer money via the banks even if they are riba-based, because there is a need for that and because it is a problem that is so widespread, but one should hasten to collect the money as soon as it arrives, so that the bank will not be able to make use of it in any riba-based dealings.

The scholars of the Standing Committee for Issuing Fatwas were asked: Is it permissible for a Muslim to deal with the banks that exist at present, which pay interest on capital and provide loans?

They replied: It is not permissible for a person to deposit his money in those banks and let the bank give him guaranteed annual interest – for example – and it is not permissible to borrow from the bank on the condition that he will pay them something extra at the time agreed on for the borrowed money to be repaid, such as paying five percent when he pays off the loan. These two transactions come under the general meaning of the prohibition on riba in the Qur’aan and Sunnah

and scholarly consensus. This is clear, praise be to Allaah.

As for dealing with the banks in order to keep money safe without interest, and for money transfers, with regard to keeping money safe without interest, if one is not forced to put it in the bank then it is not permissible to do so, because that is helping the owners of the bank in dealing in riba, and Allaah says in Soorat al-Maa'idah, verse 2 (interpretation of the meaning): "Help you one another in Al-Birr and At-Taqwa (virtue, righteousness and piety); but do not help one another in sin and transgression". But if there is a need for that, we do not think there is anything wrong with it, in sha Allaah.

With regard to transferring money to another bank, even if that is in return for an extra amount taken by the bank, that is permissible, because the extra amount that is taken by the bank is a fee in return for making the transfer. End quote.

Fataawa al-Lajnah al-Daa'imah (13/369).

Shaykh Ibn Baaz (may Allaah have mercy on him) said: If there is a need to protect money by means of the bank, there is nothing wrong with that in sha Allaah, because Allaah says (interpretation of the meaning): "He has explained to you in detail what is forbidden to you, except under compulsion of necessity" [al-An'aam 6:119]. Undoubtedly making transfers via the bank is a widespread necessity nowadays, as is putting money in the bank without stipulating that interest be paid. If interest is paid to you without you stipulating that or agreeing to it, there is nothing wrong with you taking it and spending it on charitable causes, such as helping the poor and debtors and so on, not to keep it and make use of it. Rather it comes under the heading of money that, if left to the kaafirs, will bring harm upon the Muslims, even though the way in which is it acquired is not permissible, so spending it in ways that will benefit the Muslims is better than leaving it for kaafirs to use in ways that help them do things that Allaah has forbidden. If it is possible to transfer money through Islamic banks or other permissible means, then it is not permissible to transfer it through the riba-based banks. The same applies to depositing money, if it is possible to deposit it in Islamic banks or businesses, it is not permissible to deposit it in riba-based banks, because this is no longer a case of necessity. It is not permissible for a Muslim to

deal with a kaafir or anyone else in a riba based transaction, even if he does not want to keep the interest, rather he wants to spend it on charitable causes, because dealing in riba is haraam according to the texts and scholarly consensus, so it is not permissible to do it, even if that is with the aim of not making use of the interest himself. And Allaah is the Source of strength. End quote from Majmoo' Fataawa al-Shaykh Ibn Baaz (19/194).

Secondly:

It is permissible to give the money to someone who will take it to your homeland in return for a set fee, even if it is higher than the bank's fee, but you should make sure that this person is going to take the money himself, and is not going to send it via the bank, so that you will not be wasting your money for no purpose.

You should also understand that the one whom you are paying to take the money is a trustee and he is not liable for the money that he was asked to take if it is lost or stolen, unless he fell short in guarding it or he disposed of it in a way for which permission was not given.

And Allaah knows best.