

**“USURY AND INTEREST IN OUR SCRIPTURES”**

**What does Qur’an describe about usury (compound financial interest)?**

In Islam, Muslims are allowed to carry out various types of businesses, such as trading or money lending. Trading is allowed. So is money lending. As matter of global practice, most traders may not be able to transact the full sum of money required for trade. They may pay off the balance at later date with interest accruals. They may borrow money from a lender or commercial bank to pay the balance within a given time-frame.

The national laws and practice of different countries allow charging of interest and payment of interest, according to circumstances. Muslims, when trading under Muslim administration, are forbidden to charge interest or receive interest, but allowed to charge a service fee for carrying out that assist. That is permitted.

Trading is a risk factor and requires deployment of skills by the business operator in making some profit and not running into a loss. This distinction between trading and usury (very high interest accruals) is very important and often not correctly understood by many Muslims. According to Qur’an, an entity uses “borrowed” money to his/her advantage without inputs of labour by the body that provided the money in the first place (capital) and hence that interest based on capital is sinful earning. Here is what the Qur’an states: ***“2:275 Those who swallow usury cannot arise except as he arises whom the devil prostrates by (his) touch. That is because they say, Trading is only like usury. And Allah has allowed trading and forbidden usury. To whomsoever then the admonition has come from his Lord, and he desists, he shall have what has already passed. And his affair is in the hands of Allah. And whoever returns (to it) — these are the companions of the Fire: therein they will abide.”***

The obvious question which now surfaces is what is to be done with interests earned by process of business automation, which differs from country to country, and according to accounting principles widely practised?

The Qur’an, being such an unchallenged excellent Scripture, already has proactive answers, before the event of commercial banking became a reality when the Qur’an was revealed 1,500 years ago: ***“2:276 Allah will blot out usury, and He causes charity to prosper. And Allah loves not any ungrateful sinner.”*** The answer is that interest earning must be given out to some establishment of charity, but not for personal gain. The Qur’an goes further and clarifies that keeping such interest earned is not correct and must be given out at early opportunity: ***“2:278 O you who believe, keep your duty to Allah and relinquish what remains (due) from usury, if you are believers.”*** Further, especially for money lenders, who really crank-up the interest: ***“3:130 O you who believe, devour not usury, doubling and redoubling, and keep your duty to Allah, that you may be successful.”***

Allah, being the Best Knower and the Best Judge has already given us warning if we failed to heed to His warning: He says in Qur’an: ***“4:161 And for their taking usury — though indeed they were forbidden it — and their devouring the property of people falsely. And We have prepared for the disbelievers from among them a painful chastisement.”*** He then further warns us, that the final outcome of balancing our accounts (our spiritual balance) will be determined on the great Judgement Day as: ***“30:39 And whatever you lay out at usury, so that it may increase in the property of men, it increases not with Allah; and whatever you give in charity, desiring Allah’s pleasure — these will get manifold.”***

So, without dragging the issue much longer, Allah very politely but sternly reminds us, that He is the Ultimate Boss and we as simple ordinaries, must respect his Orders, as: ***“39:62 Allah is the Creator of all things and He has charge over everything.”***

In conclusion, earning interest or very high interest (usury) is alright for Non-Muslims, but we Muslims must dispose off that to charity, at earliest opportunity.

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