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INTEREST IN ISLAM AND CROSS RELIGIONS

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Abstract: The Islamic principle encourage people to be alert for the society. To achieve the objective of sharia, Muslim has been provided the clear path to collaborate with the creatures fairly. The injustice financial practice one of the aspects that Islamic principles emphasise to not involve. On the top of this, the usury (riba) where someone charge the excess for the loan unfairly. The interest practice has been a critical topic throughout the time. Due to the unfair practice, the major religions and civilisations cursed this practice as general. Nevertheless, in practical situations, there were number of approaches for each religion and civilisation. Plato with among ancient philosopher criticized this and argued this is a media to squeeze poor people. In Judaism, the interest is prohibited among Jews, while in the Hinduism allowed otherwise in a lower caste in the society. In the Christianity, priests in the medieval banned this practice, but it has been diluted in the 6th century due to the sovereign pressure. Islam sprightly prohibited the interest despite the diversity of its models, the value, the grade and to whom it will be exercised. This article emphasises on Islamic finance point of view towards the cross religions and civilisation. Utilised the library/literature-based research, the author delivers the main ideas in the comparative approaches of the interest issues.

Keywords: Interest, Usury, Riba, Civilisation.

Abstrak: Prinsip Islam mendorong manusia agar waspada terhadap masyarakat. Untuk mencapai tujuan syariah, Muslim telah diberikan jalur yang jelas untuk bekerja sama dengan sesamanya secara adil. Praktik keuangan yang tidak adil merupakan salah satu aspek yang ditekankan agar di hindari oleh prinsip-prinsip Islam. Riba adalah praktik di mana seseorang membebankan kelebihan atas pinjaman secara tidak adil. Praktik bunga merupakan topik penting dari masa ke masa. Karena praktik ini tidak adil, agama-agama besar dan peradaban secara umum telah mengutuk praktik ini. Namun demikian, dalam situasi praktis, ada beberapa pendekatan dari setiap agama dan peradaban. Plato, kalangan filsuf kuno, mengkritik hal ini dan berpendapat bahwa praktik bunga adalah media untuk memeras orang-orang miskin. Dalam Yudaisme, bunga juga dilarang, sedangkan dalam Hinduisme, hal ini diizinkan kecuali untuk kasta yang lebih rendah di masyarakat. Dalam agama Kristen, para pendeta di abad pertengahan melarang praktik ini, tetapi praktik ini telah diizinkan pada abad ke-6 karena tekanan kedaulatan. Islam melarang praktik bunga terlepas dari apa pun modelnya, nilainya, kelasnya dan kepada siapa ia akan dilaksanakan. Artikel ini menekankan sudut pandang keuangan Islam terhadap lintas agama dan peradaban.

Kata Kunci: Bunga, Riba, Peradaban

Introduction

The fair trade and treat other's wealth in justice is one of the Islamic values inherited from the Qur'an.¹ *Riba* is the part of consuming illicitly. In the past, the practice of *riba* is common among people. Indeed, in previous civilisation, this practice occurs and legalised by those who in charge. However, the ancient cultures, religions and scholars denied this due to the inhumanity of this practice. Then, Islam comes and prohibit *riba* in all aspect and prevent all the ways that could be possible medium of this practice. Nevertheless, the fascinating thing in the prohibition of *riba* in Islam undergone stage by stage, until there was fully prohibition of this practice. This article will explain about the philosophical foundation of Islamic finance at a glance, as well as the objectives of Shariah and the ethics of Islamic finance. The brief discussion on negative element of transaction will be presented next. After these, the definition of *riba* will be explored, then focuses on the legal foundation of the prohibition of *riba*, as well as classification of *riba*. Finally, will emphasis on *riba* and its practice according to other religions and cultures.

The Philosophical Foundation in Islamic Finance

As the word Shariah refers to, the path in Arabic², in the Islamic finance is not a fancy term and new in Islam. In the Islamic literature, Shariah or Islamic law mostly referred to rulings related to practical matters.³ It a comprehensive system of values, norms and rules regulating all aspects of Muslim life including the hereafter. As a set of ethical guidelines, the shariah emphasise on the fairness and justice.⁴ Therefore, instruments are formed to maintain these purposes, such as: the sources of Shariah, the lawful and unlawful and the restrictions that for the benefit of humanity.⁵

Islamic finance was derived from the values that brought by the Prophet – peace be upon him – centuries ago. It based on the paradigm of collegiality and value neutral. Derivations of Islamic economic and finance system are *Tauheed* (believe in God who always watching us), *Akhirah* (the day of judgement where every human's action will be subject of justice), *Istikhlaf* (where the human is the custodian and the ultimate owner is God), *Adalah* (the justice between the mankind as the custodian on the earth), *Maslahah* (the common interest is always be the first priority if it contradict with personal interest), *Risalah* (the virtue of Islam that gives the guidance to interact with each other) and *kafalah* (the collegiality where the all the mankind can assist each other in a proper way).⁶

Thus, to apply these philosophies, the main principles in Islamic finance that need to be reflect from each Muslim as well as mankind are: the believe in divine guidance, encouragement of risk sharing, avoidance the negative elements of transactions, financing based on real assets and wellbeing of the society.

As the servant of God, the human is the custodian of the earth and has to be treated as brothers to each other. All the resources have been trusted to the mankind and need to be used wisely

1 Qur'an, 4:161: O you who believe! Do not consume each other's wealth illicitly, but trade by mutual consent. And do not kill yourselves, for God is Merciful towards you.

2 International Shari'ah Research Academy for Islamic Finance, *Islamic Financial System: Principles & Operations*, 2nd Edition (Millenia Comms, 2016), P. 5. See also Muhammad Taqī 'Uṣmānī, *An introduction to Islamic finance*, (Arham Shamsi, 1998) 9-11.

3 See also Muhammad Siddiq Armia, 'Implementing Islamic Constitutionalism: How Islamic Is Indonesia Constitution?' (2018) 15(2) *Al 'Adalah* 437-450.

4 See also Muhammad Siddiq Armia, 'Ultra Petita and the Threat to Constitutional Justice: The Indonesian Experience' (2018) 26(2) *Intellectual Discourse* 903-930.

5 International Shari'ah Research Academy for Islamic Finance, *Islamic Capital Market: Principles & Practices*, (Kuala Lumpur: Pearson Malaysia, 2015) 54. See also Al-Qaradawi, *Madkhal li Dirasah al-Shari'ah al-Islamiyyah* (Cairo: Maktabah Wahbah, 2001)

6 Hossein Askari, Zamir Iqbal, Abbas Mirakhor, *Globalization and Islamic Finance: Convergence, Prospects and Challenges* (John Willey & Sons, 2010) 11-16.

through the guidance of Shariah. Well-being in Islam not only utilises the resources in possess the materials, but also must satisfy both material and spiritual needs of humanity.⁷ This can be actualised through the implementation of *Maqasid al Shari'ah* (the objective of Shariah).⁸ As the ultimate purpose of Shariah is to benefit the individual and community, not only Muslim community, and the laws within Sharia are conducted to protect and accommodate the improvement of the human life standard. As clearly stated in Qur'an than the main duties of Islamic civilisation are to spread *rahmah* (compassion) to the world.⁹

The moral aspects of Islamic finance based on two sides: the allowing and prohibiting. The former, mostly related to the obligation and encouragement from the Shariah, such as: wealth creation through trade and entrepreneurship, justice, honesty, fair trading, *qard hasan*, charity, *zakah*, and subject matter should be permissible. While the later, mostly related to the obligation and discouragement, such as: no *riba* or accumulation of idle wealth, dealing in alcohol, pornography and fire arms, cheating, overselling and taking advantage of the poor.

Objective of Shariah

As the main purpose of Shariah is to cater the well-being life in the world and the hereafter, then there is a necessity to provide the clear guideline. The sharia does not abound the beauty of world life as a whole in term to pursue the happiness in the hereafter. Also, sharia never obliged to maximise the human welfare and give no concern to hereafter. Therefore, the daily needs from using the financial service facilities¹⁰, banking system¹¹, home purchasing¹², even to acquisition of groceries can be subject to reflect shariah values. The virtue of sharia is to act equally within the framework of shariah and considering the man as the viceroy of God. This action requires moral responsibility, pursuing only fair means in wealth creation and return that wealth to the God as the sole owner considering the human only a steward on this. In contrast with the conventional concept where to maximise the shareholder values is the main goal,¹³ Islamic virtues are emphasised on the philosophy where the main aim of the wealth is to get the commandment of Allah and will be judge responsibly in the hereafter. The concept of happiness and pleasure is different in Islam, where the ultimate goal of sharia is to obtain the happiness in life and hereafter. Therefore, every means can ensure the achievement of mankind interest as the whole include in the objectives of shariah. The objectives of shariah can be divided into primary and secondary objectives.¹⁴

Primary Objective

The primary objective of shariah is to promote well-being of all mankind and beyond by preserving and protecting.

7 Zamir Iqbal, Abbas Mirakhor, *An Introduction to Islamic Finance: Theory and Practice* (John Willey & Sons, 2011) 10-30.

8 Muhammad Akram Laldin & Hafas Furqani, 'Developing Islamic Finance in the Framework of Maqasid al-Shari'ah: Understanding the ends (Maqasid) and the means (wasa'il)' (2013) 6 (4) *International Journal of Islamic and Middle Eastern Finance and Management* 278-289

9 Qur'an, 21:107: we have not sent you but as a mercy (rahmah) to the world.

10 Shahrul Azman Bin Abd. Razak, 'Shariah Compliance of Islamic Credit Cards Reconsidered: A Case Study of Malaysia' (2015) 7 (1) *ISRA International Journal of Islamic Finance* 75-96.

11 Abdelghani Echchabi and Hassanuddeen Abd. Aziz, 'Shari'ah Issues in Islamic Banking: A Qualitative Survey in Malaysia' (2014) 6 (2) *Qualitative Research in Financial Markets* 198-210.

12 Hanudin Amin, Abdul-Rahum Abdul-Rahman, Dzuljastri Abdul-Razak, 'Malaysian Consumers' Willingness to Choose Islamic Mortgage Products: An Extension of the Theory of Interpersonal Behaviour' (2016) 34 (6) *The International Journal of Bank Marketing* 868-884.

13 Halit Yanikkaya, Nihat Gumus and Yasar Ugur Pabuccu, 'How Profitability Differs Between Conventional and Islamic Banks: A Dynamic Panel Data Approach' (2018) 48 *Pacific-Basic Finance Journal* 99-111.

14 Muhammad Ayyub, *Understanding Islamic Finance* (Wiley Finance, 2007) pp. 22-23

1. Faith
2. Life
3. Offspring
4. Intellect
5. Property
6. Honour

The preservation of faith means to obtain the guarantees to worship the God and practice the religion with full right and no intervention. As the Muslim *ummah*, the freedom of free will, religious tolerance, and social rights must be guaranteed.¹⁵ Thus, the related authorities have the obligation to accommodate this need. The preservation of life means the righteousness of life and protecting the soul from any harmful means. In Islam, there are laws to protect human soul from being murdered, tortured and mistreated physically where could cause the injuries.¹⁶ This refers to basic provision of human necessity.

The preservation of offspring related to the progeny within family institution. The ultimate goals from this protection are: preserving human generation, protecting against lack of purity and the appropriate way to obtain the offspring, stimulate the mankind to become a well-being society and good Muslims that can bring peace and blessing.¹⁷ In another words, this objective is to promote the marriage system and prohibit adultery. The preservation of intellect refers to the knowledge acquisition. Islam encourage mankind to seek the knowledge where it is a crucial tool to obtain the wealth. Also, the knowledge could be used to obtain certain skills that can be useful in life and differentiate between the lawful and unlawful, in which could be used to gain the success in the hereafter. This objective shares the same level of importance where the theory of knowledge could trigger the Islamic institutional development to meet the complexity of human needs.¹⁸

The preservation of property related to the wealth and the way we obtain it. This objective aims to protect the mankind from obtain the invalid, unlawful practice, discouraging the negative element of transaction and protect the consumer from unfair practice.¹⁹ Also, as part of the objective is bridging the gaps between the rich and poor, by maximising the role of *zakah*, endowment and charity.²⁰ Also, encourage any necessary, to rise the living standard of the poor.²¹ where the later can meet their essential needs such as food, health and education. Therefore, Islam has provided the comprehensive rules to cater this issue. The preservation of honour related to the dignity and how people accommodate their privacy and private live against discrimination, injustice persecution, maltreatment and accusations of the rights.

Secondary Objective

The derivation of the primary objectives will lead to the wider scope of objectives, later on

- 15 Hossein Askari, Zamir Iqbal, and Abbas Mirakhor, *New Issues in Islamic Finance and Economics: Progress and Challenges* (John Wiley & Sons, 2011).
- 16 Saifur Azhar Rosly, 'Shariah Parameters Reconsidered' (2010) 3 (2), *International Journal of Islamic Middle Eastern Finance and Management*, 132-146.
- 17 Doranda Maracineanu, 'Islamic Law' (2009) 4 (1), *EIRP Proceedings*, 157-160.
- 18 Kabir Hassan and Mervyn Lewis, *Handbook of Islamic Banking* (Edward Elgar Publishing, 2009) pp. 30-33. See also *International Shari'ah Research Academy for Islamic Finance* (2015) pp. 79-80.
- 19 Inutu Lukonga, 'Islamic Finance, Consumer Protection and Financial Stability' (2015) 15, *IMF Working Paper*, 3-38
- 20 Jasim Al-Ajmi, Hameeda Abo Hussain and Nadhem Al-Saleh, 'Decisions on Capital Structure in a Zakat Environment with Prohibition of Riba: The Case of Saudi Arabia' (2009) 10 (5), *The Journal of Risk Finance*, 460-476.
- 21 Abdul Rahim Abdul Rahman, 'Islamic Microfinance: and Ethical Alternative to Poverty Alleviation' (2010) 26 (4), *Humanomics*, 284-295.

called as secondary objectives, such as:

1. The equality and justice
2. The social security, mutual help and solidarity
3. The peace and security
4. Cooperation
5. Moral values

Therefore, from the previous primary and secondary objective, the basic rights of the mankind can be defined as follows:

1. Rights to safety.
2. Rights to be educated.
3. Rights to be choose.
4. Rights to be heard.
5. Rights to be satisfied their basic needs.
6. Rights to redress.
7. Rights to a proper environment and health.²²

An Islamic economist Chapra has a fascinating view on how human welfare should be treated, in which he quotes:

“However, if well-being were to defined in a way that rises above the materialist and hedonist sense and incorporates humanitarian and spiritual goals, then economics may not be able to avoid a discussion of what these goals are and how they may be realised. These goals may include not only economic well-being, but also human brotherhood and socio-economic justice, mental peace and happiness, and family as well as social harmony. One of the test for the realisation of these goals may be the extent to which social equality, need fulfilment of all, full employment, equitable distribution of income and wealth, and economic stability have been attained without a heavy debt-servicing burden, high rates of inflation, undue depletion of non-renewable resources, or damage to the ecosystem in a way that endangers life on Earth. Another test may be the realisation of family and social solidarity, which would become reflected in the mutual care of members of the society for each other, particularly the children, the aged, the sick, and the vulnerable, and absence, or at least minimisation, of broken families, juvenile delinquency, crime and social unrest.”²³

The Ethics and Prohibitions in Islamic Finances

Differ with the principal rules of *fiqh ibadah* (the rules that govern worship aspect) where the main principal in worship is prohibit unless there is a clear obligation to do so. In *fiqh mu’amala* (the rules that govern social interaction aspects), the main principal is allowed unless there is a clear instruction to not to do so.²⁴ Islam did not tell the details in practicing the daily financial transaction, but did tell the boundaries that never been allowed to cross. These boundaries known as the norms, ethics and prohibitions. Islamic norms and ethics basically conducted to avoid the injustice and achieve the fairness and equality. These norms and ethics derived to serve the shariah objectives both primary and secondary. Indeed, the Islamic principle honour the rights and freedom for all mankind to

²² For further details, see Ayyub, 2007, pp. 24-25

²³ M. Umer Chapra, *The Future of Economics: An Islamic Perspective*, (Kube Publishing, 2016) pp. 4

²⁴ International Shari’ah Research Academy for Islamic Finance, *Sukuk: Principles & Practices* (Kuala Lumpur: Pearson Malaysia, 2017) pp. 148.

conduct the business. Later on, this ethics become the main barriers to prevent the crisis and economic deprivation.²⁵ These norms and ethics utilised as the basic framework to conduct the economic activities, financial and commercial transactions. The norms and ethics are as follow:

Justice and Fair Dealing

As the headmost of the Islamic principle, the justice is the must fit condition. Justice in Islamic finance can be interpreted as the honesty and gentleness where emphasise on the ideas of caring for others, prohibition of *najash* where there is the practice of price gouging for the sake of rising price of the commodity with the fake offer and the disclosure with the aim to facilitate the transparency where the customer has been granted the options to check and replace the subject matter if there is a defect.

Fulfilling the Covenants and Paying Liabilities

As the business and transactional contracts, Islamic principles encourage and oblige all parties to fulfil obligations towards the counter parties. Also, Islamic principle obliged to honour the contract as the promises that has been taken. Moreover, Islam marked who do not fulfil the promise as an action of hypocrisy and their testimony is invalid in number of cases from the law point of view. Therefore, as the main Islamic principle, the liabilities must be fulfilled.

Mutual Cooperation and Removal Hardship

Human is the custodian and share the liabilities to actualise common interest. The main duty is to cooperate between people to meet the shariah objectives and provide the means to prevent the devils and hardship that could lead to the destruction. Therefore, the Islamic taught always encourage solidarity and indemnify fairly to cater the losses and harm.

Free Marketing and Fair Pricing

To accommodate the freedom in financial transaction, the marketing and fair pricing must be implemented. However, the subject matter, the contract and pricing must meet the Sharia principles and not include any prohibitions. From this point of view, the person should be free to buy and sale, dispose and possess, and conduct the contract within the sharia principles. Although there is no restriction to determine the profit, the profit creation must meet the ethics, common practice, and leniency that recommended by Shariah.²⁶ After the discussion on the Islamic norms and ethics, turning now the direction to major prohibitions in Islamic finance. These prohibitions also known as the negative element of transactions, lead to the validity of the contract.²⁷ Therefore, there is a necessity to avoid these elements to validate the contract. These prohibitions areas as follow:

Gharar

In Arabic, *gharar* could be mean as the uncertainty. This due to lack clarity from the related parties regarding the subject matter. Although the uncertainty cannot be avoided as a whole, the any unallowed elements that can lead to excessive uncertainty deem prohibition. Indeed, there is no verse from Qur'an that prohibited *gharar* explicitly, but any means that could lead to the unfair practice should be deemed as *gharar*.²⁸ Scholars

25 Rohana Othman, Nooraslinda Abdul Aris, Rafidah Mohd Azli and Roshayani Arshad, 'Islamic Banking: The Firewall Against the Global Financial Crisis' (2012) 28 (1), Journal of Applied Business Research, 9-14.

26 For further details, see Ayyub (2007) pp. 43-70

27 Hans Visser, Islamic Finance: Principles and Practice 2nd Edition (Edward Elgar Publishing, 2013) pp. 29-31.

28 For further details, see International Shari'ah Research Academy for Islamic Finance (2016) pp. 184.186. See also Ayyub (2007) pp. 75

defined one of the practices that include *gharar* is selling the not present goods in which the quality is unknown, in example selling the fish in the water that he cannot possess it, or adding lubricant in the car so it will show the goodness of the subject matter. According to AAOIFI shariah standard, *gharar* can void the transaction if it involves primary subject matter, excessive in degree, involved in exchange contract and not included as the shari'ah necessity.²⁹

Maisir/Qimar

Maisir and *qimar* refer to the acquisition of wealth without putting the efforts or paying compensation and actualise by game of chance, whether or it violating other's right. Clear examples in this case is the conventional insurance where it involved both *riba* and *maisir*. Also, the corporations that mobilise the fund based on lottery or draws, in which can involve someone's loses and acquire their fund to other is deem as *maisir*. However, there is a valid lottery according to the Prophet – peace be upon him, if this not involved any personal right and no one should dispose what he had already or contributed to this.³⁰

Riba

This part is the most distinguish part of the negative element of transaction. This due to all of the transaction in Islamic finance concern to avoid this major prohibition. Some of the myths emerged and stated that the commercial interest is not *riba* and deemed as the profit. However, throughout the time, the shariah scholars, academicians and bankers were working together to cater this issue. Therefore, in this paper, the focus will be about the nature of *riba* and how it has been treated across religions and culture.

Riba in Islamic Finance

In the etymology, *riba* means; credit and increase.³¹ In other words, the term of *riba* means excess or surplus. In the sharia terminology means; increase the extra charge to the borrower, or decreasing the measure when bartering two commodities that have been explained by Prophet PBUH.³² The commodities that can be the object of *riba* are; gold, silver, wheat, dates, barley and salt.

Basically *riba*, which is nowadays define as interest or usury, is the unfair practice in the loan or other transaction. For example, the someone lends his money £100. When the next month, he asks the borrower to pay £120. The main lessons from the forbiddance of *riba* are to keep the solidarity and harmony among Muslims, to avoid laziness by taking the excess from the loan without giving out any efforts and to erase the barriers between the rich and the poor by rising sense of carrying among the civilisation.

Legal Foundation of Prohibition of Riba

Riba is forbiddance by the Holy Qur'an, *Sunnah* and *Ijma'*. Also, it categorises as a severe sin. There are numbers of verses and *hadiths* told us about this. There are some stages from the prohibition of *riba*. Firstly, in Mecca period, there is indication shown that *riba* is an acceptable practice to Allah. Then in Madinah, there was a clear express that *riba* is prohibited in the year 3 AH (After Hijrah). Final prohibition is in the year 10 AH, days before Rasul PBUH passed away.³³ These are the verses indicated the prohibition of *Riba*;

29 For further details, see Shariah standards by AAOIFI, 2015, pp. 772-780.

30 For details, see Ayyub, (2007), P. 61-64. See also Hassan & Lewis (2009) pp. 39.

31 Arabic Language Board. 'Al-Mu'jam Al-Wasit (الوسيط المعجم)' (Egypt: General Division of Publishing, 2004).

32 Erwandi Tarmizi, 'Harta Haram Muamalat Kontemporer. 14th edition (Bogor: Berkah Mulia Insani, 2016) pp. 383.

33 For further details, see Ayyub, (2007) 44-57.

Qur'an chapter 30, verse 39;

"The usury you practice, seeking thereby to multiply people's wealth, will not multiply with God. But what you give in charity, desiring God's approval—these are the multipliers".

Qur'an chapter 4, verse 161;

"And for their taking usury, although they were forbidden it; and for their consuming people's wealth dishonestly. We have prepared for the faithless among them a painful torment".

Qur'an chapter 3, verse 130;

"O you who believe! Do not feed on usury, compounded over and over, and fear God, so that you may prosper".

Then, in Chapter 2, verse 275 - 281 explain clearly about the prohibition.

Further, there are plenty of Prophet's traditions explained the prohibition of *riba*. Hereby some of the Hadiths mention about *riba*.

It is reported on the authority of Abu Huraira that the Messenger of Allah PBUH observed: Avoid the seven noxious things. It was said (by the hearers): What are they, Messenger of Allah? He (the Holy Prophet) replied: Associating anything with Allah, magic, killing of one whom God has declared inviolate without a just cause, consuming the property of an orphan, and consuming of usury, turning back when the army advances, and slandering chaste women who are believers, but unwary".³⁴
"Abu Said al-Khudri reported Allah's Messenger PBUH as saying: Do not sell gold for gold, except like for like, and don't increase something of it upon something; and don't sell silver unless like for like, and don't increase something of it upon something, and do not sell for ready money something to be given later".³⁵

Classification of Riba

Many classic scholars classified *riba* in their books as two parts, *riba an-nasi'ah* and *riba al-fadhl*. Nevertheless, another scholars' book, they classified *riba* as four; *riba an-nasiah*, *riba al-fadhl*, *riba al-qardh* and *riba al-jahiliyah*. This difference as the many scholars said *Ikhtilaf at-tanawu'* (differences in diversity). Thus, does not mean the formers are wrong and the latter are wright. If we review all of these opinions, all based on the legal foundation. These facts all due to the different point of views they categorised the *riba*.³⁶

Riba can be divide into two, *riba* occurs in loans and *riba* occurs in trading. The former can divide as well into *riba al-qardh* and *riba al-jahiliyah*. While the latter divide into *riba al-nasiah* and *riba al-fadhl*.³⁷

Riba from loan practice perspective;

34 Imam Muslim, Sahih Muslim, edited by Mika'il al-Almany (2009), book 001: the book of faith, no. 0160.

35 Ibid no. 3845

36 For further details, see Tarmizi (2016) pp. 399-598

37 Muhammad Syafi'i Antonio. Bank Syariah: Dari Teori Ke Praktik. (Gema Insani, 2001) P.255. See also Tarmizi (2016) pp.399.

1. *Riba al-qardh*

The practice occurs between two or more, when someone lending something valuable while the borrower has to return in better quality than the former.

Foundation of this case is:

From Anas ibn Malik: The Prophet PBUH said: "when anyone of you grants a loan, and a borrower offers him a dish (of food) he should not accept it. And if he offers a rise on an animal, he should not ride. Unless the two of them are accustomed to exchanging such favours mutually"³⁸.

2. *Riba al-jahiliyah*

The practice occurs between two or more when someone takes loans. Then he has to pay twice from the real amount in next month. Also, in following months, he has to pay twice amount from the latest month. E.g. borrower take a £20 loan, next month he has to pay £40, and month after he has to pay £80, and so on.

Foundation of this case is:

It was narrated that Zayd bin Aslam said that it was riba in the Jahiliyah that the man should have the right to the man (borrower) until the end of the period. He said: "are you want to pay or rise? If he wants to pay debtor will take it or if he has right to rise the loans and delay it in the term"³⁹.

After the discussion on *riba* in loan, the direction shifted to *riba* that emerge in trade, those are:

1. *Riba an-nasi'ah*

An-nasi'ah means delayed. *Riba an-nasi'ah* means the excess when some trader delayed the goods which are from the commodities than Prophet PBUH mentioned it. It categorises as *riba* when the deal occurs some differentiate among those commodities from the quality, weight and so on.⁴⁰

Some scholars said this kind of *riba* is *riba* Qur'an, due to direct prohibition from Qur'an chapter 2 verse 278.

Foundation in this case is:

Narrated 'Umar bin Al-Khattab: Allah's Apostle said, "The bartering of gold for silver is Riba, (usury), except if it is from hand to hand and equal in amount, and wheat grain for wheat grain is usury except if it is formed hand to hand and equal in amount, and dates for dates is usury except if it is from hand to hand and equal in amount, and barley for barley is usury except if it is from hand to hand and equal in amount"⁴¹.

2. *Riba Al-fadhl*

Riba Al-fadhl is the excess occurs in trading without delayed happening at the same time. When someone changes his goods, which is from those commodities, same quality, same time, but different weight, vice versa.

Foundation in this case is:

38 Al-Bayhaqi, as-Sunan al-Kubra, book: trading (al-buyu') chapter: every loan ended with benefit deemed as riba.

39 Mohammad Omar Farooq, 'Riba, Interest and Six Hadiths: Do We Have a Definition or a Conundrum?' (2009) 13(1) Review of Islamic Economics 105-141.

40 Antonio. (n:35)

41 Imam Bukhari. Shahih Bukhari. Edited by M. Muhsin Khan (2009) vol. 3, book: 34, no: 334

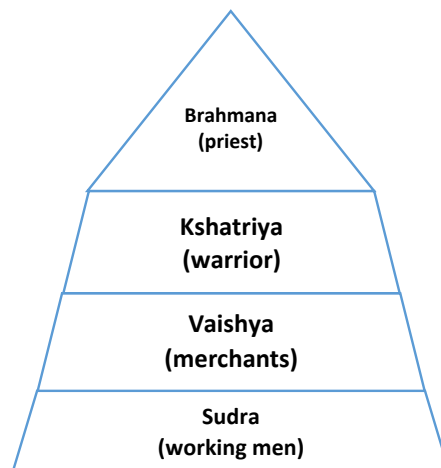
Narrated Abu Said: We used to be given mixed dates (from the booty) and used to sell (barter) two Sas of those dates) for one Sa (of good dates). The Prophet said (to us), "No (bartering of) two Sas for one Sa nor two Dirhams for one Dirham is permissible", (as that is a kind of usury). (See Hadith No. 405).⁴²

Prohibition of Riba According to other Religions and Cultures

states that "the logic as to why religions, including Islam, have prohibited interest is that it exerts disastrous effects on human societies by reinforcing the tendency of wealth accumulation in fewer hands". In this part, will explain the interest in the other religions and culture throughout the times.⁴³

1. Hinduism

In previous ages, according to Veda in ancient India usury practice is a severe sin. The ancient Hinduism expert, Jain, explored the evidence of emergence in usury practice within the Hinduism civilisation. The *kusidin* (interpreted as the usurer) is the person who take the interest, was mentioned in the *sataphata brahmana* and the *nirukta*, as well as very common in *sutras*. He mentioned that the usury, which appears in seven to second centuries B.C, is only allowed among the *Sudras* (working men) and *Vaishyas* (merchants) who are the lowest class in Hinduism society. However, for the *Brahmanas* (priest) and the *Kshatriyas* (warriors), the highest class in society, are prohibited from being usurers.⁴⁴ The rates of usury practice are different according to the *caste* where they come from, the *Sudras* and the *Vaishyas*. The former has to pay 60 percent per annum, the latter has to pay 48 percent per annum.⁴⁵



The social classes among in Hinduism Civilisation

2. Buddhism

As describes in the previous chapter, the Hinduism teachings that societies based on their caste. The Buddha rejected the classification base on employment systems. By *kama* (actions) conduct by particular person influence him to become high or low, not by birth.⁴⁶ Basically, the Buddha in the *Samyutta Nikaya* told us that wealth can be achieved

42 Ibid no. 294.

43 Aiyub Loc.cit.

44 L.C. Jain. "Indigenous Banking in India." (Macmillan & Co. 1929) pp. 3-8.

45 Ibid

46 A. T. Ariyaratne. Buddhist Economics in Practice. (Salisbury: Sarvodaya Support Group, 1999) pp.

by: unlawfully and by violence; unlawfully and lawfully by violence and non-violence; and lawfully without violence. As Buddha's teachings include the whole aspect of lives, thus who wish the true happiness, should follow the third path. Nonetheless, the Buddha never teaches the specific economic formula to his followers, he examines the existed practice among society and directs the most appropriate ways rely on spiritual, ethical and moral point of view.⁴⁷

Furthermore, in early ages of Buddhism civilisation between fifth and sixth centuries B.C, the usury practice is something unlawfully. In Buddhist literature, the judgment of ascetics that applied usury is can be found in *Jakatas*. There was massive criticism for usury practice and prohibited being involved in the *Sangha* (religious activities).⁴⁸

3. Greek and Roman Empire

In ancient Roman and Greek, usury practice has been the common. There are several rates for the borrower who wish to get the loan as long as not exceeding maximum legal rate. In Greece empire, the rates classified base on it output into four stages: ordinary loans (6-18 percent), property loans (6-12 percent), interchange loans (7-12 percent) and trade & industry loans (12-18 percent). In the Roman Empire, the interest systems are protected by the laws and the debtors are guaranteed by the government. Interest rates are relied on the territories, e.g. in Rome (4-12 percent), in Roman colonies (6-100 percent) and in Byzantine (4-12 percent).⁴⁹

However, the famous philosophers of both Greek and Rome, Plato and Aristoteles, as well as Cato and Cicero cursed the interest practice among people within that periods. Plato argued the interest system is such the way to legitimise the rich extort the poor. While Aristoteles explain, due to the main reason of money as the medium in changing values and goods, are not allowed to seek the profit using this tool. Whereas, Cicero advised his son to avoid the interest transactions, as Cato illustrated that the usurer worse than the thief, this because he will be punished twice and the debtor will penalise more than that.⁵⁰

4. Judaism

The perception of money as the commodity and can evolve other monies became common practice. People from different religious background treat the money and impose the interest rates accordingly⁵¹. The Jews are not allowed to take the interest rate among them. This prohibition wrote clearly in their holy book⁵². In Exodus 23 it said:

"If thou lend money to any of my people that is poor by thee, thou shalt not be to him as a usurer, neither shalt thou lay upon him usury".

Also, in Deuteronomy 23/19 it said

"Thou shalt not lend upon usury to thy brother; usury of money, usury of victuals, usury of anything that is lent upon usury".

5-18.

47 Ibid

48 Jain, Loc.Cit.

49 For further details see Antonio (2001) pp. 43-45. See also Anita Rahmawaty. M Ag. 'Riba Dalam Perspektif Keuangan Islam' (2013) 14 (2) Jurnal Hukum Islam 1-36.

50 Ibid.

51 Yahia Abdul-Rahman, 'The Art of RF (Riba-Free) Islamic Banking and Finance: Tools and Techniques for Community-Based Banking' (John Wiley & Sons, 2014)181-189.

52 For further details, see Visser (2013) 44-51

Moreover, in Leviticus 25/37:

“Take thou no usury of him, or increase: but fear thy God; that thy brother may live with thee”.

On the other hands, the Jews are allowed to take rates from non-Jews. It can be seen in Deuteronomy 24/20:

“unto a stranger thou mayest lend upon usury; but unto thy brother thou shalt not lend upon usury: that the Lord thy God may bless thee in all that thou set test thine hand to in the land whither thou go to possess it”.

5. Christianity

In New Statement, there is no clear narration tells about interest forbiddance. However, in Luke 6/34-35 indicated that should not take the excess of the interest even with your enemy⁵³. It said:

“And if ye lend to them of whom ye hope to receive, what thank have ye? for sinners also lend to sinners, to receive as much again. But love ye your enemies, and do good, and lend, hoping for nothing again; and your reward shall be great, and ye shall be the children of the Highest: for he is kind unto the unthankful and to the evil.”

From this fact, there are many priests dispute among them regarding the forbiddances of taking interest rates.⁵⁴ Almost the earliest priest between 1st and 12th century agree that rate interest is prohibited.⁵⁵ This due to their believes in the Old Statement as well which clearly informed. Nevertheless, between 12th and 16th century due to the massive development in economy and financial sector, the government initiated to give loans to those who aim to trade and business. The priests at this stage start to review and analyse the means of excess in the Old statement. Then, come to the conclusion there are differences between usury, which is unlawful and prohibit due to the Old statement, and legalise the interest which is fewer from usury. Moreover, in 1545, the King and the Church of England was decided the term ‘interest’ as legal maximum as well as ‘usury’ define as above legal maximum. This decision is a legitimacy for the interest rate. Therefore, from these facts explained that the ban on the interest had been circumvented throughout the time and became less practicable by several changes and methods.⁵⁶

Conclusion

As has been shown, the prohibition of *riba* and the comparison to other religions and civilisation. As with brief outline from sharia point of view, it has been discussed about explanation the forbiddance of *riba* and its stages, and classification of *riba* as well. This became the evidences that *riba* is an obstacle to achieve the objective of Shari’ah as it could lead to unfair charging to counter parties. Then, review the prohibition of *riba* in other religions. In general, it is clear from several pieces of evidences that *riba* is forbiddance in all religions and civilisations mentioned. However, the objective of this, as well as the

53 Antonio. Loc.Cit

54 For further details, see Visser (2013) 44-51.

55 Ayyub. Loc.Cit

56 ‘The Usurers: How Medieval Europe Circumvented the Church’s ban on Usury’ July 11, 2019, accessed on July 15, 2019 <<https://islamicmarkets.com/articles/the-usurers-how-medieval-europe-circumvented-the-church-s-ban-on>>.

interpretation 'usury' and 'interest' that become the main issue of this topic. Further, this is the main difference between Islam and other religion.

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