The issue of interest (riba) in the Abrahamic religions

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Abstract

Purpose – Religious scripts strongly encourage acts of philanthropy and benevolence that contribute to achievement of social harmony and similarly condemn interest out of money. The views paying attention to economic reasons fail to offer a plausible counter argument to this contradiction. Almost all studies since the inception of Islam have, rather than considering the dynamic social and economic realities of the time, attempted to justify the views on the ban. Thus, this study aims to provide clear aspect on Abrahamic religion’s approach on the issue.

Design/methodology/approach – This paper seeks to analyze how the Abrahamic religions approach the issue of interest. For the sake chronology, the Judaic approach will be first analyzed, referring to the main arguments that served as basis for the lift of the ban. Subsequent to the rational arguments raised in the Christian tradition that justified the ban, the reasons for the removal of the ban that changed the attitude of the church will be examined. Finally, based on its original sources, the approach of Islam will be evaluated and the current popular arguments will be discussed.

Findings – A review of the interest issue in the Abrahamic religions in a historical context reveals that there are visible similarities between the arguments that served as basis of the discussions. Christian scholars were able to justify the ban with reference to strong arguments; however, in reference to the conditions that the economy arguably dictated, the ban has been gradually lifted. A similar process has taken place among Islamic scholars as well. Those who adopt an economic perspective fail to consider the chief principles in Abrahamic religions that promote the practice of benevolence.

Originality/value – This paper seeks to analyze how the Abrahamic religions approach the issue of interest from a broader perspective. To this end, the authors offer a general framework of the notion of interest and present the approaches of Abrahamic religions to the concept through reference to popular arguments.

Keywords Islam, Christianity, Judaism, Riba, Interest ban

Paper type Research paper

Introduction

According to Ferguson (2009), without the debt relations between people, there would have been almost nothing to tell about the history of economics. For this reason, even ancient legal texts prescribe rules and principles applicable to this relationship. Interest is the key factor almost in any financial transaction. It can be basically defined as the practice of charging financial interest in excess of principal amount of loan or the interest above the legal or socially acceptable rate (Göregen, 2013). It has been viewed as a disruptive practice to social harmony throughout the history; as a result, there have been major attempts to introduce a ban for it[1]. A number of scholars and pundits have objected to the imposition of it because it leads to unfairness, contributes to accumulation of capitals in the hands of a few people and causes exploitation of the masses. For instance, Plato objects to interest and so does Aristo, noting that money does not produce money, he regards interest-based revenue as unfair (Sili and Çurtik, 2013).
Despite negative sentiments, the growing need for financial capital appears to be the main factor for reliance on interest-based transactions. Financial institutions have been praised for their contribution to the economic development; but they have also been criticized for their irresponsible actions that deteriorated crises. Currently, criticisms raised against financial institutions in the West are focused on the limits of the regulations and on how their activities in the markets can be controlled and audited. In most predominantly Islamic countries, the debate is relevant to the religious status of the activities of the financial institutions. Abrahamic religions, particularly Islam, offer some guiding principles that apply to the accumulation of capital. Pre-Islamic Abrahamic religions ban interest-based transactions. Despite this, the ban has been manipulated over the time and eventually it has been abolished.

The holy scripts of the Judaism are the first to mention interest ban. The Old Testament underlines that all Jews are “brothers” and that interest-based transactions are prohibited among them (Ahmad, 1981). Even though clerics argue that the prohibition only covers the Judaic brotherhood, a review of the relevant parts of the Old Testament suggests that it actually applies to all practices of lending. In Christianity, Luka Bible mentions a strong interest ban that the church remained adherent to for a long time. The ban remained in effect up to the Medieval Age. However, it was abolished gradually after the rise of Protestantism. The church was forced to endorse interest-based transactions when commission was applied to the currency trade processes for financing commercial activities in Venice, an international trade hub in Europe. This led to the initial steps towards the modern banking regulations and system. Interest-based loaning has become widespread after the French Revolution, serving as one of the main pillars of the capitalist economy (Akalın, 2009; Qureshi, 2016). With the arrival of the industrial revolution, the financial system gained an institutional structure, and it has become popular and efficient in the economy. Thus, interest has become an integral part of the system so that without it, the system would inevitably collapse. It is not possible today to think of the capitalist economy as an interest-free endeavor.

The issue had a similar journey in Islamic world, too. In recent years, some Islamic countries have been trying to implement development policies modeled on the Western experience. An advanced financial system is needed for the proper implementation of these policies. However, Islam introduced a strong and well-framed interest ban (Uludağ, 1988)[2]. For this reason, some Islamic countries have been paying attention to the interest-free alternatives for greater compliance with the Islamic precepts. To this end, some steps were taken in the 1950s which turned into concrete measures in the 1970s, the institutional structure of the Islamic Finance first emerged when Islamic Development Bank was created to support development policies. However, because of the capitalist principles over competition, some Islamic Banking practices led to controversies. Currently, this institution’s transactions raise serious questions centered on whether its practices and instruments are truly compatible with the main precepts of Islam. Therefore, the interest issue is still a very popular argument in Islamic world.

This paper seeks to analyze how the Abrahamic religions approach the issue of interest[3]. To this end, the authors first offer a general framework of the notion of interest and present the approaches of major religions to the concept through reference to popular arguments. For the sake chronology, the Judaic approach will be first analyzed, referring to the main arguments that served as basis for the lift of the ban in the history. Subsequent to the rational arguments raised in the Christian tradition that justified the ban, the reasons for the removal of the ban that changed the attitude of the church will be examined. Finally, based on its original sources,
The approach of Islam, the only religion that still imposes the interest ban, will be evaluated and the current popular arguments will be discussed.

The issue of interest: paving the way
The institutionalization of the modern – interest-based – banking has a short history of a few centuries; however, the interest-based loaning has much longer past. The oldest legal regulation was introduced by Hammurabi of Babylon who made laws on loaning system around 1955-1913 BC. General principles refer to the modes of loaning, how the debts would be paid and what properties of the in debtors would be confiscated in case of failure of honoring the obligations. Texts allowing use of loans as an instrument of interest define interest, referred to as “sibtou” in the sections on loaning of the bank-temples. The interest rate was identified as one-third (33 pct) of wheat and date and 20 pct of the silver money. And interest cannot be claimed only when there was no crop because of natural disasters. A review of the historical records also show that compound interest was applied in long-term loaning for the first time (Ferguson, 2009). It is argued that bank-temples are the first examples of financial brokers that introduced an institutional setting to the loaning transactions in the history. Thanks to the confidence people would have in temples, the customers tended to deposit their valuables to these institutions. Clerics serving in these institutions came to realize that the people would not claim their deposits for a long time. Thus, they decided to offer loans for those who would need funds through an interest-based transaction. It is also reported that some rich businesspeople also became engaged in financial broker transactions. Red Temple in Mesopotamia and Egibi and Murashu families in Babylon are referred to as the first case of private bankers (Tarlan, 1986).

Today, the credit system is handled by modern interest-based banks whose scope of activities has been significantly expanded. And evidently modern banking appears to be one of the most important institutional structures for the development of the West. Developing nations, becoming aware of the importance of the banking system during the development process in the West, attempted to create a similar system. However, particularly conservatives remained distant to the interest-based finance. It is hard to argue that the principles religious institutions have generated in the economic system and life are still influential and popular. Rational mind is now the major sources of decisions in their economic life as revealed in the secularization process. For this reason, the Islamic world failed to develop original economic theories built upon its own values while the Western world focused on the technical issues on the economic dimension of the system. In the meantime, private actors in the Muslim world concentrated their efforts on the ethical and religious justifications. Given the difficulty in respect to the institutionalization of the practices not authorized by the religious authorities, the importance of the approach used by the Abrahamic religions to the issue of interest becomes even clearer.

Interest (riba) in Judaism
It is possible to argue that as an Abrahamic religion, Judaism is the one that pays greatest attention to the material world and prosperity. Religion has served as a source of motivation for the performance of the Jews in commercial activities. The religious scripts suggest that the material prosperities in the world have been bestowed to the people chosen by God. In other words, prosperity is viewed as a gift to the people for their righteousness. The religious belief implies that God, connection with God is essentially based on material interests, gives people prosperity and the Israelites know this (Göregen, 2013). Torah elaborates on the Jews’ proneness to trade activities and makes a number of references to it[5][6]. Given this strong emphasis upon economic prosperity, it is only inevitable to see
that Judaism would introduce strong and detailed rules on financial issues, while promoting trade partnership.

The main rule applicable to the fellow brothers of a religion is solidarity in the economic relations. Under a grand religious principle, loan is offered to another person to please God, not for a reciprocal gain. Any other motivation including making profit out of offering loan is despised. The theological sources refer to the profit out of offering loan to somebody else as tarbit, and to interest as neshe[7], which literally means piece of meal in Hebrew. Interest, strongly condemned in Hezekiyel is considered as despicable, so despicable that those who receive interest are compared to men who commit great sins. The common feature of the Abrahamic religions is introduction of some specific sanctions for some particular sinful acts. For this reason, in addition to divine condemnation, material punishments such as atonement, fasting or lashing have been imposed against those who received interest in times of interest ban (Geisst, 2013; Phillips, 2015).

Despite these facts, a review of the history of Judaism shows that interest-based transactions with foreigners have served as a source of a major revenue. In different stages of the history, the Jews relied on act of loansharking mostly because restrictions have been imposed to them on employment of slaves and on ownership of lands, indicating that they had no choice other than loansharking in the Medieval Europe[8]. This argument is often repeated in the Judaic resources. According to Botticini and Eckstein (2011), this argument is misleading because the Jews preferred loansharking because of the high amount of profit involved in this business. Unlike this argument, there has been no serious legal or social obstacle in either Muslim lands or Christian Europe against the practice of carpentry, trading and other forms of businesses by the Jews. Quite the contrary, the Abbasid caliph, as well as British King Edward I, specifically encouraged the Jews to be engaged with these types of businesses. Particularly, there has been no restriction in Iraq and Persia (Goitein, 1999). In Europe, on the other hand, those restrictions were limited in the period between tenth and thirteenth centuries (Botticini and Eckstein, 2007). The main factor that contributed to the incentives of the usurers was the high profit involved in this business activity. One other factor that contributed to the spread of loansharking among the Jews is that the religious education at that time facilitated the practice of this profession. The main aspects of the religious education at that time that served as facilitating basis of loansharking included the technical aspects associated with the fact that Judaism was a religion of literature, specialization and institutional infrastructure and capital accumulation. The first factor indicates that the Jews were pretty prone to be engaged with legal issues and debates, as well as math, because the Jewish parents reserved large funds for the education of their kids even when they were farmers. In some Judaic sects, primary education was compulsory for recitation of the sacred texts. This served as a basis for developing skills necessary to keep records of financial transactions and draft contracts. Given the conditions of the time, it becomes obvious that Judaism enjoys greater advantage in terms of mobilizing human capital. Second, the sheer number of experts and qualified staff contributes to the standardization of contract law. Religious institutions also played huge role in addressing the need for an institutional infrastructure, a key component in the sustenance of the financial transactions. In case of disputes, institutional structures including rabbinical courts and response have been used for legal settlement (Botticini and Eckstein, 2011). Final factor is capital accumulation that is necessary to conduct a financial profession. The Jews who accumulated wealth in the Islamic lands used their money as lenders or bankers after moving to different parts of Europe. All these factors
contributed to the emergence of financial profession as attractive business engagements among the Jews.

**Phasing out the ban: the major arguments**

Primary theological sources detailing the relationship between lending and interest place emphasis upon solidarity while strictly prohibiting profit out of interest. In religious scripts of Judaism, interest is likened to Hebrew word *neshek* (literally snake bite), which is believed to refer to the exaction of the interest from the debtor’s point of view (Visser and McIntosh, 1998). The bite does not feel strongly at the beginning, but then spreads through the entire body. Like a snake bite, interest causes a disease that cannot be cured. Despite this strong reaction and opposition, the intensified trade activities involving non-Jews made the ban controversial over the time. The interest ban was an obstacle to the practice of lending, a profitable profession. The scope of the interest was redefined to offer a more lenient approach, leading up to the rationalization and justification of the practice of interest. Over the time, different types of interest have emerged. Each type of the interest has attracted attention and acceptance over the time mostly because trade activities have become more attractive. As a result of this, the interest ban in religious scripts has been redefined and lifted over the time (Uludag, 1988). The main argument used in this context was that the ban defined in the religious scripts was mostly about the land-based agricultural economy. Therefore, the argument basically said the ban was mostly relevant to the agricultural economies (Armerding, 2001). New conditions have emerged requiring a reassessment of the trade activities. Considering these conditions, the interest ban was revisited. In fact, similar arguments have been employed in different parts of the history of economics.

The argument used to lift the interest ban can be summarized as follows: Judaism offers some different principles on the administration of the trade activities and transactions with reference to notions including brother, guest and foreigner. The Jews consider everybody who is a Jew by origin as brother. And in the Torah, unconditional transactions among brothers are promoted, whereas interest-based transactions are banned. However, interest may be claimed in transactions done with the foreigners who are not co-religionist (toshap). In nature, *heter iskah* is different from regular interest-based lending. In financial transactions, without violating Talmudic prohibition, interest-based lending (hetter iskah) is allowed. The relationship between borrower and lender is tied to two conditions. First, it resembles a lease contract rather than partnership; the borrower makes a payment of a fixed amount to the borrower in a prescheduled time. Second, the contract under which the borrower is obligated to pay sufficient profit can be terminated by the rabbinical judge alone. Special conditions and provisions (*sheter iskah*) attached to the *heter iskah* over the time have made interest a legalized practice (Morino, 1969).

Religious scripts view the indebted as people who are to be protected by God; in this context, only some major principles regulating financial relations can be cited. The primary principle suggests that lending money is a virtuous practice and that this noble act is to be rewarded by God. According to this principle, which establishes solidarity and mutual respect among fellow Jews, priority should be given to the people who hold the same faith, followed by the poor and then the relatives. Under this general principle, interest can be applied to money offered as loan to a non-Jew, whereas the needs of a Jew should be fulfilled without asking anything in return because the main goal among the Jews is solidarity, not to accrue interest. For this reason, it is the responsibility of the entire Jewish community to address the poverty of another Jew. When two poor people ask for money, the poorer should be given prior consideration. Geographical proximity is also considered a matter of priority in offering loan. A poor man in the hometown is given priority in lending money. Even
though some ethical principles suggesting that the indebtor should not be urged to pay his/her debt, clear obligations associated with being an indebtor are still preserved and underlined.

The Judaic view of the interest can be summarized this way. Some noble principles including solidarity and philanthropy are encouraged and loansharking is prohibited; however, religious institutions and norms have been abused to legitimize the act of interest which seemed to be an integral component of the commercial life. As a result, the interest ban has been lifted for the sake of facilitating trade relations. The religious institutions and norm have been used in the establishment of institutional structures that would deal with legal and practical disputes; this experience let the Jews excel in the financial professions. As a result, they have become dominant actors in the financial world.

**Christianity’s approach to interest-based transactions**

A review of the Christian holy scripts reveal that the Christian view of the interest is pretty clear. Interest was first banned in 325 (in Canon 17). The ban remained in place up to the tenth century and applied to most commercial activities and monetary relations (Rubin, 2010). In the scholastic period, it was not allowed under the Christian theology. The church has imposed different forms of punishment against those who exercised this practice (Meeks, 2011). The interest which has been legalized and banned in different times has been eventually justified after going through different phases (Kaleem and Lewis, 2013).

St. Aquinas, one of the major theoreticians of the ban, summarizes the Christian view on the subject as follows:

> Making a charge for lending money is unjust in itself, for one party sells the other something non-existent, and this obviously sets up an inequality which is contrary to justice (Smoker, 2009).

It is useful to discuss the views of St. Acquinas to better understand the arguments of Christian theology. An approach, also known as the jurist argument, clarifies the transfer of the ownership of the debt. Because the essence of the debt is ownership transfer from creditor to debtor, after transfer of the debt, ownership also changes. When the ownership is transferred, then the creditor loses the right to make profit out of what he/she does not actually possess. For this reason, it is not right for him/her to make profit out of what they do not have. Second argument refers to the function of the money as a means of measurement. Money measures everything other than itself. Despite that it is used in the bilateral trade transactions, it cannot be solely part of a final deal. For this reason, it cannot also be part of an increase that leads to profit. Another argument, also referred to as Aristotle’s argument, indicates that money cannot be used in unnatural practices such as loansharking because it is a means of exchange. All these views are based on the Roman Law doctrine according to which some goods and services gain value out of their usage and their destruction after this usage. For instance, in the case of wine-making, fruits are naturally destroyed; similarly, a rented house faces some sort of destruction even if rent is profitable. On the other hand, the traded goods have a natural consumption function that disappears after usage. But J.D. Scotus criticizes the natural-law approach. According to Scotus, the creditor takes the risk of bankruptcy of the debtor. In case of bankruptcy, the arguments of the natural law become obsolete and invalid. Similarly, the view that the value of the money is fixed is also incorrect because the money’s function as measurement of value stems from the people’s estimates. This gives the creditor a right to make a prediction of the value of the money. Natural law does not indicate that material goods have to be used for a particular purpose (Kirschchenbaum, 1983). It should be noted that some of St. Acquinas’ views are consistent in economic terms. For instance, according to the neo-liberal economic
thought, the money itself cannot produce anything. Otherwise, all central banks would print money non-stop. In addition to ethical reasons cited in all Abrahamic religion, Christianity offered consistent theological arguments for the ban. It is interesting to note that it is the same person who offered a rigid theory suggesting that there should be a balance between social justice and equality through the interest ban and who initiated the debates on offering a more lenient approach toward the ban itself. St. Aquinas’ approach, noting that it is customary for the debtor to pay extra to the creditor as a token of appreciation, served as source of inspiration for reformist clerics such as Luther and Calvin in subsequent ages. Arguments raised by those who oppose the interest ban in Europe through the Medieval age are based on two main assertions which still remain controversial in different platforms (Mutlu, 2003):

1. There is no possibility that the poorer segments of the society are negatively affected because traders and businesspeople receive interest-based loans; on the contrary, holders of small-amount savings make profit out of these processes because they buy stock notes.

2. Because of the changing nature of borrowing, monies are collected to become more focused on investment and production rather than consumption. Total production increases with the positive contribution of the producers to the capital stock, improving the social welfare and prosperity.

Even though they seem to be plausible, these two propositions also suffer from some contradictions as well. For instance, a review of the economic indicators in the past few centuries reveals that there has been no significant change in the share of the poorer segments within the whole production in the interest-based economic and financial system. Whereas the wealth of a small group of people who made great use of the economic resources has increased significantly, the poorer have become even poorer because of restricted access to loans. This trend had been detrimental to the social fabric. The visible progress and improvement in the financial system did not offer any remedy for this. In fact, the agents of this progress did not make such a claim. Quite the contrary, the advanced financial system has been chief reason for the economic crises that negatively affected the poor.

On the other hand, it should be noted that the arguments based on economic reasons in the debates on interest are not entirely useless. The economic development process of the Christian world starts with the elimination of the ban which obstructed capital accumulation. According to Weber, religion, as a variable, has an impact upon economic, social and cultural developments. Referring to the significant differences between the predominantly Catholic and Protestant regions in the process of development, he upholds that the economic development of the West should be at least partially attributed to the rationality of Protestant faith because the relationship between religion and social life plays an important in the formation of economic life. Empirical findings suggesting that Catholics became less involved than Protestants in trade activities confirm Weber’s argument. Protestants appeared to have been more successful and involved in trade activities and economic developments since the sixteenth century in predominantly Protestant areas of the European continent. However, unlike Weber’s argument and assumption, the foundations of the financial system were laid out in Venice, a trade center with a large Catholic population. Banks and exchange markets which played a big role in the development of the British and Dutch empires are good examples to show that the interest-based financial institutions are very important players of an economy (Ferguson, 2009).
Protestantism, Calvin and re-thinking over the ban
Traces of the Jewish usurers and Christian traders can be identified in the historical origins of the modern banking in Venice. The trade activities of the Jews subjected to living in ghettos of Venice were restricted by legal means, which forced them to rely on loan-sharking activities. Because of the prohibition of interest in Christianity, they established a monopoly in the loaning market. Interest-based activities then spread all over Europe. The rapid growth of the banking system begs this question: what is the approach endorsed by Christianity vis-à-vis the interest-based financial institutions that played a remarkable role in the process of economic development? The Bible advocates a firm stance against interest-based activities. As a result, Christians tend not to lend money because it was not profitable[12]. But in subsequent decades and centuries, the ban has been gradually abolished mostly because new institutional structure to finance were not set up (Akaln, 2009).

In an environment where reformists were burned to death, Calvin (1509-1564), an important theologian of the French Protestant movement, published a remarkable book presenting his reformist teachings and ideas in Basel in 1536[13]. And legal arrangements referring to the Old and New Testaments replace the authority of the church and the papacy. He improved the reformist approach of purification upholds that certain rituals would not suffice for eternal happiness. Instead of conventional rituals, he argues that individual journey and subscription to the holy script should be relied upon for salvation. Calvin introduced a church in Geneva that followed its own rituals independently from Rome, drafted a new plan and curriculum and developed a new style of administration based on revelation (Akaln, 2010). He specifically argued that interest-based transaction is not a sinful act in an attempt to make sure that the individual savings holders would channel their monies to the economic activities (Bekçi et al., 2014). Despite the church’s opposition, a commercialization and pro-usury counter movement began to rise. With the rise of the Protestant faith, interest has become more popular. He was one of the first theologian to argue that making money without working or making money out of money is not against the will of God. Thus, he allowed the traders to act on their own discretion when it came to interest-based transactions. Rejecting the traditional idea that condemns usury or interest-lending[14], he defended the argument that the parties to such a transaction would both benefit (Akaln, 2009; Visser and McIntosh, 1998)[15][16].

It is possible to argue that Protestantism gave impetus to the economic development in the West because of its emphasis upon mundane affairs and the individual utilization. The development was financed and boosted by the banking sector which has become institutionalized through the elimination of the ban over interest-based transactions. The modern financial system whose foundations were laid down in Venice has taken its current form via institutionalization of the Protestant centers in Europe. The abolishment of the ban seems to be one of the important factors that transformed the Christian premise that did not pay significant attention to the material world. Interest-bearing loans have become widespread after the growing demand for triple contract, mortgage and fictitious sales drafted by the Christian clerics. As a result, the impact and sanctions of the anti-usury doctrine have become weaker (Rubin, 2010). In the seventeenth and eighteenth centuries, the church relied on a more tolerant and lenient approach toward the ban in consideration of the visible influence of the capitalist economy. The level of justification was determined by the legal rate of interest and interest-based transactions would become licit if this rate is not exceeded. According to the 1917 Code of Canon Law, excessive interest was considered a great sin whereas the 1983 Code[17] it was not (Smoker, 2009). The legitimization of interest by the church was completed when moderate interest was declared licit as a result of a series
of decisions by religious authorities in the period of 1822-1836. In 1917, the Church, by the Codex iuris Canonici, abolished the provisions of all previous Canon laws (Rubin, 2010). The foundations of modern banking were laid down by the elimination of the ban.

The invention of new ideas allowing limited rate of interest to better fight loan-sharking did not stop the spread of the view that ban should be lifted in Europe. The increased need for financial resources and the expansion of trade reinforced the idea that the notion riba should be considered independently of the concept of interest. Since the sixteenth century, the term interest has been used to denote an added amount to what should be actually paid whereas the concept of riba has been used to indicate the excessive amount of interest that was not compatible within the acceptable limits (Mutlu, 2003). The church which has long resisted the practice of interest failed to sustain this position with the advance of capitalism, starting to adopt the views endorsing the interest-based borrowing. The adoption of the principle referring to the productivity of money in the nineteenth century contributed further to the justification of loan-sharking. In the end, interest-collection has become legitimate to make profits out of borrowing and offering loans to others. The people started to lend their money in return for greater benefits. This has turned into a race, eventually erasing the traces of the interest ban in the Christian world.

Interest (riba) in Islam: tawhid and traditional approach

Islam has throughout the history developed a specific and unique economic approach thanks to its longstanding practices, customs and traditions. Theologically, Islam does not limit itself to the relationship between man and God (Allah); it also offers guiding principles and rules applicable to human relationships and the relationships between man and nature. Economic activities are also part of this integrated framework. A number of academic studies focusing on the Islamic approach to economic issues has increased dramatically in recent decades, falling under the heading of “Islamic economics”. The term, coined by the Islamic scholar, Mawdudi, may be briefly described as the development of a scientific approach for a better understanding of the production, consumption and distribution of resources in accordance with the main precepts of Islam. The distinctive character of Islamic economics is the prohibition of interest which can be traced back to the early years of Islam.

It is imperative to briefly examine the principle of tawhid (oneness) which constitutes the basis of Islam and its relation to the concept of interest. According to Quran, this principle is the essence of all Abrahamic religions. Tawhid can be briefly defined as the recognition of Allah’s rule and domination in all sorts of activities and is based on the premise that Allah owns and administers everything in the universe[18]. Allah offers what he owns to the humankind, so that humans would perform their economic activities[19]. Man is expected to assume some responsibilities in return for this generosity. For instance, the principle of tawhid refers to some obligations in respect to the right to property and views the economic opportunities bestowed upon man as means of maturation[20]. For this reason, man is now allowed to make use of his properties without considering the divine rules and principles as if he is the absolute owner[21]. Thus, financial transactions cannot be properly understood without considering this cardinal principle of Islam (Choudhury, 1997).

One of the principles that Allah requires man to implement and properly follow is the interest ban, one of the key components of the financial transactions throughout the history of humankind. The principle of tawhid views interest as an illegal mean of acquiring properties. Therefore, it is strictly forbidden and those who rely on this instrument in their economic activities are strongly condemned as it is considered a grave violation of Allah’s divine principles. Those who violate His principles give priority to their material gains in this world. According to the Quran, those who do so move away from the principle of tawhid.
and turn their desires and ambitions into idols[22]. As a result, those who should consider this principle would be unable to stand against the interest because personal ambitions and desires would replace the divine message as a point of reference.

The term *riba* is used in Islamic literature to refer to interest and it is categorically prohibited in the Quran. As the direct interlocutors of the Quranic injunctions involving *riba* were the people of the pre-Islamic Arabian Peninsula centering the towns of Mecca and Medina, it could be safely inferred that *riba* was a pre-Islamic practice throughout these settings. A transaction involving *riba* is different from a regular sale transaction where a seller exchanges a commodity in lieu of another or a value representing item, such as money. Quran, certainly, prohibits *riba* in its absolute form without any specification or restriction. The only restriction or qualification that can be identified here is the fact that it was the sort of *riba* which was practiced either in the Meccan or the Medinan community that was categorically prohibited.

There is some conjectural historical evidence about what the pre-Islamic practice of *riba* was like. Even though it is not possible to clearly elucidate what *riba* is, it is certain that the interlocutors of the Quranic verses involving *riba* knew well what it meant. As the concept of *riba* is mostly interpreted as similar to the concept of financial interest, any serious study should also consider looking into how pre-modern Muslim societies dealt with these two concepts.

*Riba* literally means increase, extra or addition (Çagatay, 1970). As a term in Islamic scholarship, on the other hand, it has been defined as a baseless excessiveness in transactions and dealings or the addition to the main capital in a contract (İbn Manzur, 1990; Serahsi, 1989). The concept of excess interest out of lending money is known as jahiliyya *riba* in Islamic jurisprudence which is banned in the Quran in strongest of terms. The type of *riba* that the Islamic scholars analyze is basically the interest based on a period. This *riba* is classified into two categories, *riba al fadl* and *riba al nasia*. Both types are analyzed in reference to the “six goods hadith”[24]. Both those who reject analogy as methodology and restrict the interest ban to these six goods alone and those who argue, by analogy, the ban covers some other goods as well rely on this hadith[25]. Therefore, the main controversy over *riba* is the causality in respect to these six goods. The followers of Zahiri school which rules out analogy as a methodology, Osman al-Betti (D. 760), Tavus (D. 724), Katade (D. 735) and Hanbali scholar Ibn Akill (D. 1119) also concur that *riba* applies to only these six goods (İbnul'Esir, 1990; Hazm, 1929)[26].

The matters relating to interest are generally covered in Islamic jurisprudence under the heading of dealings and transactions[27]. The definitions that apply to *riba* suggest that the Islamic jurists place particular emphasis upon dealings and transactions. But critics argue that such a strong and restricted emphasis leads to ambiguities and uncertainties in the scholarly debates (Kayyim, 1987). Criticisms mostly underline that the scholars are unable to offer a common definition of *riba* with reference to the Quran and the hadiths. This eventually causes manipulation of the existing framework to legitimize and justify some forms of *riba*. For this reason, it should be analyzed within the context of the both.

**How *riba* is covered in the Quran?**

The term *riba* and its derivatives are mentioned in the Quran seventeen times in ten chapters. Both the literal and scholarly meanings of the term are referred to in the Quran[28]. A review of the verses in the Quran focusing on *riba* reveals that the script mentions a transfer of goods in different forms. A verse refers to *riba* for an extra addition to the goods, whereas another one recalls that polytheists compare *riba* to dealing and transaction. But a number of other verses also refer to such a transfer that does not involve lending interest.
According to the Quran, on the other hand, *riba* is one of the methods to transfer goods by illegal means. However, the Islamic jurisprudence analyzes this term in a way to refer to a point between the legitimate and illegitimate methods of transferring goods and services. Even if it is an illegal means of transfer, *riba* is covered under the heading of dealings in the Islamic scholarship which causes ambiguities which should be addressed by jurists for clarification and methodological strength. This can be done by comparing *riba* with other relevant terms and notions including charity (*sadaqa*), alms (*zakat*), dealing (*bey*) and loan (*qarz*).

*Riba* is widely covered in Chapter Baqara where charity is underlined as a promoted act[29]. In these verses, charity is praised by comparison to *riba* which, according to the Quran, has devastating impacts. The discussion on *riba* and charity in the Quran suggests that there are both similarities and differences between these two terms. A careful review of the verses in the Quran on the topic of *riba* also suggests that there should not be any restrictions to the goods and commodities where the interest ban applies. In other words, it is not possible to limit the ban to only six goods. Any good that can be given away as alms is also eligible to be considered in the framework of the interest ban. The mainstream jurists subscribe to this view, suggesting that any alternative to this stance should be considered as marginal[30].

**Linkage between bey’ (dealing) and riba (interest) in the Quran**

As noted before, the issue of interest is covered in classical works in reference to matters on dealings, only Sughdi (D. 1068) dedicates a separate section for *riba* (es-Suğđi, 1984). Covering *riba* with reference to dealings leads to a mixture of interest-based transactions with dealings. In some works of Islamic jurisprudence, it is noted that *riba* can be regarded as part of a contract on dealings (Mufih, 1979)[31]. For this reason, the similarities and differences between dealing and interest should be clarified for a better definition of *riba* in Islam.

Jurists and scholars agree that the main component of *bey*’ is transaction that involves exchange of goods but offers different views on whether the features of the goods and the motives of the parties to the contract should be included in the definition. The main schools of law in Islamic jurisprudence offer different views on this matter. But the definitions offered by these schools do not make a strong emphasis upon the difference between the goods covered in the contract and the price. However, the clarification of the content of goods and of the price in the *bey’* contract is extremely important for our discussion. If the goods exchanged are equal in terms of type, quantity and quality, will this transaction be called *bey’* or something else? This is where *riba* and *bey*’ intersect.

In terms of the nature of the transaction, it becomes apparent that in dealings, the subject matter of the exchange should be different at least in the level of quality. *Bey’* has been a mainstream method of transferring property for a long time among the people. This is a major method of acquiring goods and services that are needed to sustain life. That method is used because it is either required or profitable. Because it is not possible for every human being to produce all the goods and services he or she needs, an exchange of goods becomes inevitable. The best way to do this is by engaging in *bey’*[32] based on mutual consent. In different verses, the Quran suggests that the subject matter of a dealing may have different forms.

One of the goals for dealing is profit[33]. Islam both justifies and promotes trade which results in a reasonable amount of profit. But Islam also introduces rules and principles applicable to trade activities. In other words, not every transaction is allowed to generate profit. To be recognized as trade, an activity or transaction has to be based upon the
exchange of at least two different goods. Only such a process will produce profit. Dealing has been viewed as a legitimate act for a long time. The polytheists in Mecca compared interest-based transactions to the dealings and thus, they strongly opposed the prohibition of interest that Islam introduced. However, the Quran, noting that dealing is legitimate but interest is forbidden[34], stressed that interest-based transaction is different from dealing. This indicates that according to the Quran, an interest-based contract should not be considered as a legitimate form of dealing (Elmalılı, 1992).

As a result, it is possible to argue that there are some similarities and differences between bey’ and riba. In terms of similarities, it is obvious that in both the cases, an exchange of goods is performed. However, the difference is that in the case of riba, goods of the same type are being exchanged. In addition, bey’ is performed in cases handled in advance, whereas riba applies to cases that entail a period.

**Riba as covered in prophecy (the hadiths)**

Riba is extensively covered in a number of hadith reports which can be classified into two categories: reports stressing that riba is a prohibited practice and condemning it, and reports providing information on the content of it[35]. The hadiths placing emphasis upon the prohibition of riba in fact clarify the scope of the ban in the Quran. These reports confirm and further explain the verses on the scope of the ban, showing that riba is considered something separate from bey’ (dealing) and other forms of transferring goods.

It seems that gold and silver used in the form of coins are treated separately from wheat, date and salt used as a means of payment in the hadith on six goods[36]. Because there is no danger of riba when gold and silver are used in the exchange of the goods, no condition is stipulated in the transaction. There are, however, two conditions in the case of the exchange of gold with gold, and silver with silver. The transaction has to be in advance and the prices have to be equal. The condition of equality is not sought in the exchange of gold and silver. In the case of the exchange of the remaining four goods, the payment has to be made in advance and the amounts have to be equal if either of these goods is exchanged with the same product.

It appears that the condition that the payment has to be made in advance also applies to the qarz al hasan at first glance. Given that qarz al hasan is encouraged in the Quran and the hadiths, it is possible to conclude that this cannot be banned. The objective in banning the exchange of gold with silver in a fixed term might be the motive of preventing any potential additional revenue out of this process. The same conditions are enforced in the case of the exchange of the remaining four goods to ensure that people would stay away from economically irrelevant and useless activities[37], and to prevent any potential use of the transactions involving riba (Bayındır, 2007)[38]. All other conditions that can be inferred from this hadith seem to be applicable to fixed term contracts. Therefore, it is possible to argue that the hadiths on the use of the six goods and products mainly prohibit the use of the debt or credit to make revenue. Basically, these hadiths define loans rather than an addition to the revenue and original amount. The emphasis upon the two conditions (that payment has to be made in advance and the amounts have to be equal) is because of the concern that these transactions may be manipulated to justify riba or interest-based transactions. In a hadith, Prophet Muhammad states that he fears that his followers may become involved in interest-based activities without even knowing it. This indicates that riba will not occur in every case where there is an exchange of two similar goods in different amounts and that the intent matters in the exchange. This statement most probably suggests that the exchange of fungible goods that can be loaned may be used in a transaction that generates revenue. A review of the hadith also suggests that even if the
exchange of fungible goods is referred to as ‘bey’ or dealing. For an exchange of goods in the form of dealings, there has to be a true exchange of two separate items or goods. If wheat is exchanged for a similar item or wheat itself for a certain period of time, this cannot be called dealing; rather it is a loan (Bayındır, 2007). In contracts, intent rather than the wording matters. This indicates that the hadith on six goods should be considered within the context of potential loaning transactions in the disguise of dealing.

The famous Muslim jurist Ibn al Qayyim (D. 1350) confirms that the prohibited type of interest is the one that was practiced by the pre-Islamic Arabs and that the hadith reports are focused on indirect riba which can be defined as options that lead to the undisputable form of interest (Ṣāṭṭī, 1972). If hadiths noting that riba is only to be sought in loans are taken into consideration, then it becomes apparent that to speak of riba, there has to be a linkage to a loan transaction between parties. If there is loan, there is also a fixed term for repayment.

In sum, both the Quran and the hadith offer extensive details on the issue of riba. For this reason, the report attributed to Caliph Omar who allegedly argued that the Prophet Muhammad did not have enough time to explain the details of the verse on the prohibition of interest because it was the last one. This cannot be true because the verses in Chapter 2, titled Baqara (275-280) were revealed right after the conquest of Mecca (Kesir, 1990). Additionally, historical records indicate that the Prophet Muhammad, in his negotiations with the Christians in the Arabian Peninsula, placed particular emphasis upon the interest ban. These deals were concluded years before his death (Ibnü'l-Esir, 1979; Hamidullah, 1990). An integrated approach to the hadiths shows that they complement the verses in the Quran focusing on the issue of riba. The Quran considers riba in the form of a loan accruing interest which is further confirmed and backed by the hadiths as well. Reference to the hadith on six goods in the construction of the whole system may make all other verses and hadith reports dysfunctional. An integrated approach is therefore necessary to better address the issue of interest-based transactions. To define such an approach, riba should be viewed as revenue generated out of a loan (Bayındır, 2007).

The issue of interest in Islam today
Interest ban is one of the key debates and principles in discussions on relationship between Islam and economics. The Quran covers the economic and financial issues in more than 1,400 verses; however, the Muslim world still has to identify its position in reference to the Western economic values mostly because of the backwardness in the study of social sciences (Wilson, 1997). This definition leads to a number of other problems. The impact of this backwardness is particularly visible in major disciplines of social sciences including art, education, politics, law and economics. One of the best examples of this is the contradiction between Islamic economic doctrine and capitalism, the dominant economic system of the modern times, based on the recognition and circulation of interest. In fact, similar contradictions have been experienced in the West in the beginning. The church has abandoned ethical principles including interest ban over the time in consideration of the advance in the capitalism practices because the capital accumulation required funding development was to be ensured through recognition of interest (Mutlu, 2003). With the exception of a few cases, the West was dominating the global economy in the twentieth century because of the rapid development in Europe. In consideration of this success, the Muslim world started to discuss the potential benefits of the interest-based theories and practices. With the exception of a few scholars like Mevduți (1977), most Muslim leaders and clerics underlined this fact arguing that new arrangements were needed to address the
contemporary problems and priorities. The economic issues have become a center of attraction in the scholarly debates. The main arguments held by those who suggested that the contemporary issues should be revisited in light of the current conditions can be classified into several headings.

The least popular of these arguments is the view that the society cannot sustain itself without borrowing and that borrowing cannot be viable without practice of interest, suggesting that Islamic principles on the interest ban can no longer be implemented (Köse, 1996). But there are also others who review the case in a conceptual manner. Some scholars argued that the notions usury and interest should be separated and that what is forbidden in Islam was usury, not interest. According to Öztürk (1998), who holds this view, the current practice of interest in the hands of the banks cannot be considered as usury, suggesting that the interest delivered by the banks should be evaluated in light of their own conditions. Otherwise, the potential erosion in the value of the deposit in the bank cannot be possibly prevented. This approach views usury as something different from interest which is, under this view, defined as an economic phenomenon that is considered the price of the capital. In the Arab society of the Jahiliyya era, the substantial part of the transaction was made subject to a deal of borrowing, creating a state of exploitation between the debtor and the creditor. The outstanding amount of the debt at the end of the term was often restructured under more severe terms leading up to the bankruptcy of the debtor. When the debtor went bankrupt, he/she used to lose their entire wealth and usually had to leave their hometown. Obviously, this was an unfair custom destroying the social fabric. For this reason, those who argue that the present time interest should be separated from usury refer to this distinction.

The pre-Islamic practices were banned in the Arab society because they were means of exploitation and for this reason, the modern interest, if not causing unfairness or exploitation, should not be defined as usury (Saeed, 1996). This approach seems to be fair and well-grounded at the first sight; however, it is not easy to argue that the modern financial system is in the best interest of the society. We would not have faced a serious problem of income disparity among different segments of the society had the modern financial system ensured flow of income from the wealthy to the poor. Despite that the world currently experiences a peak state of prosperity, income inequality has become a serious problem threatening the social balance, the figures of recent decades and centuries confirm this fact.

Another school that pays attention to the economic factors and reasons is focused on the role of the small deposit holders. According to Sanhuri (1988), it is the state policies that determine the interest rates in modern economies. The individuals have little impact upon these rates. For this reason, when there is need for financial resource in the transactions serving for the utility of the society, interest-based borrowing is allowed unless there is access to interest-free options. The importance of banks, the crucial components of the interest-based economic system, is underlined by An-Nasır who said there would be no Islamic power without economic power and that without practice of interest, economic power cannot be established (Mutlu, 2003). Even though some of these arguments referring to the function of the banks within an economic system are reasonable, it should be noted that they contradict with the main principles promoted in the scripts of the Abrahamic religions referring to benevolence and solidarity in the economic transactions.

On the other side, inflation is another fact of modern economic life that cannot be overlooked. Because inflation savers are out of pocket simply by the passage of time, it either needs to keep the inflation rate at zero or exchange principal with something that is not affected by inflation. The significance of saving at the individual or national level is a known fact that does not need much elaboration. Unlike developed countries,
underdeveloped countries usually suffer from prohibitively high inflation rates and the value of their currency loses its purchasing power too rapidly merely with the passage of time, it will make perfect sense for the individuals in the economies of such underdeveloped countries to seek an interest-bearing transaction to protect the value of their principal. The Muslim world also attempted to address the inflation problem. In reference to the negative effects of the inflation, some argued that the eroding nature of the inflation should be taken into consideration in the borrowing transactions; therefore, they further recall that an addition in the amount of the inflation rate to the original debt is justifiable and reasonable to protect the rights of the creditor (Subhani, 2006b). It should be noted that this approach remains valid only in cases of positive real interest rate.

Another argument that relies on an approach based on economic factors and reasons refers to the interest applied to the loans used for production and consumption. Some scholars, recalling that the usury-based borrowing was mostly used for consumption in the pre-Islamic era, argue that usury applied to borrowing for consumption should be considered forbidden whereas loans used for production cannot be defined as interest or usury. This rationalization resembles main arguments raised in the process of lifting the interest ban in the Christian world. In other words, the argument suggests that loans for production are in the interest of the society because they contribute to the economic growth and social development. For this reason, such loans are free from the interest ban (Köse, 2005). Fazlur Rahman is one of these scholars holding this view. He argues that the type of interest that is forbidden in Islam is the interest that amounts to the level of usury offered for the consumers. For this reason, use of interest in the loans for production is allowed and justified under Islam. The basis of this argument is the notion of injustice whereas the legal form of the usury is considered of secondary importance because when a truly Islamic order is established, there will be no need for interest-based banking system, practically ending the debates on interest and usury (Subhani, 2006a).

It is also necessary to review the arguments raised against the rational arguments focusing on the economic reasons. It should be noted that those views place emphasis upon benevolence and solidarity which seem to be more compatible with the teachings of the Abrahamic religions that prohibit interest revenue. Currently, the dominant view is that interest-based activities are advanced forms of loansharking and usury in the present time modern banking. This view is often defended by reference to different justifications. For instance, Kureshi (1977), underlining that the interest rates tend to decline in the world, notes that a capitalist civilization where zero interest is established is possible; based on this view, he objects the real interest rate. Hatemi (1971), defining interest ban as one of the strongest fundamentals of the Islamic economic doctrine, recalls that the interest-based system requires presence of people in need; therefore, just like theft or prostitution cannot be justified by economic reasons and conditions, interest cannot be allowed just because it is to be cited as a direct result of the economic relations. For this reason, interest and its derivatives should be completely eliminated. Noting that attempts to justify interest are strong steps toward going back to the pre-Islamic era, Yazur (1979) recalls that interest will not eliminate poverty and that poverty will become even more severe as long as interest is allowed. The practice of interest has been viewed as one of the chief reasons for poverty in the history. Garaudy (2015) argues that the banking system was legitimized by the scholars of al Azhar in the Muslim world, adding that the Quran strongly objects to a model encouraging preservation of self-interest. Garaudy holds that detachment from divine values leads to denial of all sorts of absolute values as well. Finally, Mevdudi (1977) argues that capitalism which has been existent throughout the entire history becomes even stronger
and notes that Islam cannot possibly reconcile with this system. He further underlines that every type of interest is destructive and that it should be left out of the economic system.

Conclusion

The Christian and Judaic approaches towards interest were as rigid as the one adopted in Islam. Both religions strongly recommended unconditional support (or benefit) in financial activities and stood against riba and interest. However, the prohibition was weakened over the time through the views of the clerics. Eventually, the ban was lifted altogether as the Western world became extremely secular.

The interest ban, clearly prohibited in the religious scripts of all Abrahamic religions, has been gradually lifted in the oldest of these divine faiths over the time. Thanks to the motivation to learn more about their religion and pass on the teachings to other generations, the Jews have become well-educated; in some Judaic strands, elementary education is considered even compulsory. An institutional basis of knowledge on accounting, math and contract law offered great advantage in the accumulation of skills that would ensure practice of financial professions including loansharking. They were able to preserve these skills in every society they lived in. The main argument raised to justify the lift of the ban suggests that they were excluded from practice of some economic activities that served as the basis of the world economy of the time including agriculture and trade in particularly Europe. However, historical accounts suggest that this argument does not hold truth particularly for the Jews in the Muslim lands, adding that they deliberately engaged with financial professions that enabled them to make large amount of profits. The argument that changes the attitude of the religious scripts against the ban was based on a reinterpretation of the verses on the subject, resulting in the adoption of the view that the ban applies to transactions between fellow Jews and that it does not cover transactions performed between the Jews and non-Jews.

Christianity, on the other hand, implemented the ban in its most rigid form. Clerics, such as St. Aquinas, offered consistent and coherent arguments referring to ethical considerations. But interestingly, it was him who became a source of inspiration for the progressive views of reformist thinkers including Luther and Calvin. These views can be summarized in three main headings. The first suggests that the view in the religious scripts that all types of interest are prohibited is just misleading and that a thorough review will reveal that the ban is restricted to the agricultural economy alone. Given that the economic conditions have changed, the ban has to be reconsidered in light of the changing conditions. Second argument notes that the interest-based debts have been used in Europe since the sixteenth century not only by the poor but also by the manufacturers who contributed to the social welfare. Therefore, the interest-based loans used by the wealth producers had no negative impact upon the poor; quite the contrary, the poor who bought notes and bonds made profit out of these transactions; therefore, the interest could not possibly disrupt the social harmony. The final argument suggests that the funds collected thanks to the interest are used to fund investments that require large amount of capital. As a result, the interest-based financing makes huge contribution to the total output, making positive contribution to the social prosperity as well. The ideas coming out of these debates and the demand for loan and funds in Europe laid the ground for modern banking. Banking which improved fast eventually lifted the interest ban.

Islam is the only religion that still preserves the interest ban despite that the spread of interest-based financial system that became one of the most important sectors in the economy and that scholars have become engaged in the debates on the interest, debates similar to those upheld in the Christianity. The concept of riba, is a controversial and
complicated term in Islamic jurisprudence, is discussed in the Islamic scholarship as part of the dealings and transactions even if it is an act of interest lending. This leads to a state of confusion because *riba* is an illegal way of transferring goods, whereas dealing is allowed. And the second one is, the relevant verses in the Quran focusing on the issue of interest and the hadiths should be evaluated in an integrated manner to avoid misconceptions and misunderstandings. A review of the verses and the hadiths reveals that the Quran offers extensive details on the ban and that the hadiths interpret these verses. Particularly, the hadith on six goods should be understood in a manner to prevent frauds and injustices; it is imperative to do so because otherwise the interest ban can be diluted. Therefore, the status of the issue of *riba* in the Islamic jurisprudence should be reviewed and revisited so that it can be evaluated in a separate heading for the sake of clarity.

Arguments used as justification to lift the interest ban in Judaism and Christianity have also been circulated in the Muslim world as well. The backwardness in social sciences led to a strong discussion of the interest-based economic theories in the Muslim world seeking to ensure rapid development. The insufficiency of the Islamic finance to address the issues relevant to financing development led the scholars to raise discussions similar to those in the Christianity. Some scholars made a distinction between the terms usury and interest, adding that these two terms are not the same; they recall that usury was a disruptive practice in the pre-Islamic era and that the current practice of the modern banking system cannot be compared to the practice of usury.

Another approach that is similar to this one offers a more technical view, arguing that what the Quran actually bans in the pre-Islamic era was the extreme practice of usury. Another school of thought pays attention to the economic perspective and to the negative impacts of the inflation. This argument further suggests that the money lent to the debtors by the creditors should be protected against the eroding effects of the inflation. Another school which also places emphasis upon the economic reasons underlines that the majority of the interest-based loans in the pre-Islamic era have been used for consumption purposes. As a result, this view further recalls that interest-based loans are allowed for the production and manufacturing sectors because of their positive contribution to social welfare. However, it should also be noted that some contemporary scholars are of a rigid view when it comes to the issue of interest; they uphold that there is no difference between the interest by the banking sector and the one prohibited in the Quran. Therefore, both are banned under Islam and should not be practiced. Despite some minor differences, it is possible to argue that there is almost a consensus among Muslim scholars on the practice of interest. This is one of the reasons that Islam is the only Abrahamic religion that still imposes the interest ban.

A review of the interest issue in the Abrahamic religions in a historical context reveals that there are visible similarities between the arguments that served as basis of the discussions. Christian scholars were able to justify the ban with reference to strong arguments; however, in reference to the conditions that the economy arguably dictated, the ban has been gradually lifted. A similar process has taken place among Islamic scholars as well. Those who adopt an economic perspective fail to consider the chief principles in Abrahamic religions that promote the practice of benevolence. Religious scripts strongly encourage acts of philanthropy and benevolence that contribute to achievement of social harmony and similarly condemn interest out of money. The views paying attention to economic reasons fail to offer a plausible counter argument to this contradiction.
Notes

1. Interest rates in finance/economics terminology can basically be classified into two categories: Nominal and real interest rate. The nominal interest rate refers to the rate without considering the loss of value in the currency whereas real interest rate refers to the net interest revenue. There are views in Christianity and Islam suggesting that it is licit to receive interest up to the level of unchanged real interest.

2. Islamic belief stresses that the individual preferences in this world determine their fate in the afterlife and that an individual should comply with the Islamic rules and principles. According to Quran: Who collects interest is in war with Allah (God) and his prophet, mentioned in Chapter Baqara verse 279.

3. The definition of Abrahamic religions includes Judaism, Christianity and Islam.

4. It is the addition of interest to the principal sum of a loan or deposit, also commonly known as interest on interest.

5. See Isaiah 55: 1-2: “Come, all you who are thirsty, come to the waters; and you who have no money, come, buy and eat! Come, buy wine and milk without money and without cost. Why spend money on what is not bread, and your labor on what does not satisfy? Listen, listen to me, and eat what is good, and your soul will delight in the richest of fare”.

6. See Genesis 34: 21: “These men are peaceable with us; therefore, let them dwell in the land, and trade therein; for the land, behold, it is large enough for them; let us take their daughters to us for wives, and let us give them our daughters”.

7. Written in original text as: ﷐ ﷑ ﷡ ﷙ ﷠ ﷓ ﷗ ﷚ ﷔ ﷐ ﷡ ﷙ ﷖ 

8. Include England, Germany, France and some other European countries.


10. See Deuteronomy 23:19-20: “Do not charge your brother interest, whether on money or food or anything else that may earn interest. You may charge a foreigner interest, but not a brother Israelite, so that the Lord your God may bless you in everything you put your hand to in the land you are entering to possess.”

11. Means the permission to form a partnership.

12. See Luke 6: 34-35: “And if you lend to those from whom you expect repayment, what credit is that to you? Even ‘sinners’ lend to ‘sinners,’ expecting to be repaid in full. But love your enemies, do good to them, and lend to them without expecting to get anything back. Then your reward will be great, and you will be sons of the most high, because he is kind to the ungrateful and wicked”.

13. The ambition to maintain the rule of the Holy Script, first initiated by Martin Luther, was also upheld by Calvin as well.

14. Calvin does not fully reject the traditional idea. He expresses some reservation practice of usury, however, by the time the reservations have been ignored.

15. See Matthew 25: 27: “Well then, you should have put my money on deposit with the bankers, so that when I returned I would have received it back with interest”.

16. See Luke 19: 23: “Why then didn’t you put my money on deposit, so that when I came back, I could have collected it with interest?”

17. The code acknowledges that interest is to be paid on debts incurred by religious institutes.

18. See Chapter Maida 17.


21. For a more detailed discussion of this subject, the story involving confrontation between Prophet Shuayb and his people as narrated in the Quran may be consulted: “And O my people, give full measure and weight in justice and do not deprive the people of their due and do not commit abuse on the earth, spreading corruption. What remains [lawful] from Allah is best for you, if you would be believers. But I am not a guardian over you.” They said, ‘O Shu’ayb, does your prayer command you that we should leave what our fathers worship or not do with our wealth what we please? Indeed, you are the forbearing, the discerning!’ These verses indicate that Shuayb tells his people to avoid any wrongdoing in their trade activities; but his people questions the involvement of Allah in their transactions. The Quran states that this attitude is against the principle of tawhid.

22. See Chapter Furqan 43.

23. The term refers pre-Islamic era.

24. Ebû Davud, Büyû’vel-icârât, 12; Müslim, Musâkât, 82; and the six goods are mentioned in hadith are gold, silver, date, salt, wheat and barley.

25. Kâsânî, Bedâi

26. Kâsânî, Bedâi

27. See, el-Mer

28. See, Al-i Imrân 130: “O you who have believed, do not consume usury, doubled and multiplied, but fear Allah that you may be successful.”; Chapter Rûm 39: “And whatever you give for interest to increase within the wealth of people will not increase with Allah. But what you give in zakah, desiring the countenance of Allah - those are the multipliers.”; Chapter Nisa 161: “...and [for] their taking of usury while they had been forbidden from it, and their consuming of the people’s wealth unjustly. And we have prepared for the disbelievers among them a painful punishment.”; Chapter Baqara: 275-279: “Those who consume interest cannot stand [on the Day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say”, “Trade is [just] like interest.” But Allah has permitted trade and has forbidden interest. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah. But whoever returns to [dealing in interest or usury] - those are the companions of the Fire; they will abide eternally therein. Allah destroys interest and gives increase for charities. And Allah does not like every sinning disbeliever. O you who have believed, fear Allah and give up what remains [due to you] of interest, if you should be believers. And if you do not, then be informed of a war [against you] from Allah and His Messenger. But if you repent, you may have your principal - [thus] you do no wrong, nor are you wronged. And if someone is in hardship, then [let there be] postponement until [a time of] ease. But if you give [from your right as] charity, then it is better for you, if you only knew!"

29. Chapter Baqara: 261-274


32. or dealings
33. See Chapter Baqara 16: “Those are the ones who have purchased error [in exchange] for guidance, so their transaction has brought no profit, nor were they guided”.
34. See Chapter Baqara 275.
36. The six goods mentioned in hadith are gold, silver, wheat, salt, date and barley.

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