THE POSITIONS OF SELECTED MUSLIM SCHOLARS IN NORTHERN NIGERIA ON *RIBA* (USURY)

BY

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DECLARETION

I declare that, this thesis is a record of my own research work. It has been not been presented partially or wholly anywhere in any application for a higher degree. All quotation is indicated and sources of information are duly acknowledged by means of references.

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CETIFICATION

The research work entitled "**THE POSITION OF SELECTED MUSLIM SCHOLARS IN NORTHERN NIGERIA ON USURY *RIBA***" by Sani Musa; has been read and approved as meeting the requirements for the award of Master of Education Degree (M.ED) in Islamic Studies, of Ahmadu Bello University, Zaria.

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DEDICATION

This research work has been dedicated to my parents, Teachers, Grand parents and also to my wife and children, whom i have this contribution from all angles towards my entire life.

ACKNOWLEDGEMENTS

In the name of Allah, the most beneficent, the most Merciful praise is to Allah lord of the world. The researcher wishes to express his appreciation to those who contributed in all possible ways to the successful completion of this study.

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ABSTRACT

This research was undertaken to make the position of selected Muslim scholars in Northern Nigeria on usury *Riba*. The study highlighted the argument in paper money either usury occurs in paper money or only on gold and silver currency, the fact of the matter was that, presently, in our daily transactions, we used paper money in place of gold and silver currency. However, some Muslim see the bank interest as a compensation of loss in purchasing power, which is wrong. In addition the research has achieved in defining the concept of usury. Analyzing the divergent views of the Nigerian Muslim scholars on usury. More so, the study used random sampling in selecting the scholars to use in collections of data. The instrument used for collections of data, was face to face interview with some selected Northern Nigeria Muslim scholar on usury. However, it has been discovered that, what occurs on gold and silver currencies is also applicable to paper currency, such as *Zakah* and *Riba*. Moreover, the government should establish an interest-free system of economic were by capital generates one of the two, profit or loss.

TABLE OF TRASLITERATION

The system of transliteration is that of Encyclopedia of Islam, which run as follows:

ArabicLetter	Name	Transcription
أ	ãlifun	a
ب	b̃a'un	b
ت	t̃a'un	t
ث	th̃aun	th
ج	jimuun	j
ح	ħa'un	h
خ	k̃ha'un	kh
د	ðalun	d
ذ	dħalun	dh
ر	r̃aun	r
ز	zayun	z
س	s̃inun	s
ش	shinun	sh
ص	s̃a'dunn	sa
ض	dãdun	d
ط	t̃a'un	t
ظ	z̃a'un	z
ع	ãyun	a
غ	g̃yanun	gy
ف	f̃a'un	f
ق	q̃afun	q
ك	k̃afun	k
ل	l̃a'um	l
م	mimun	m
ن	nunun	n
ه	ħa'un	h
و	w̃awun	w
ى	ỹa'un	Y

San

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I. Title (Tle) POSITIONS of Selected Muslim Scholars - - -

Long vowels		Short vowels
آ	ã	a
و	ũ	u
ی	ĩ	i

TABLE OF CONTEN

		Page
Declaration		i
Certification		ii
Dedication		iii
Acknowledgements		iv
Abstract		vi
Transliteration		vii
Table of content		ix
Abbreviations		xii
Definition of terms		xiii
List of transliteration		xiv
CHAPTER ONE: INTRODUCTION		
1.1	Background to the study	2
1.2	Statement of the problems	4
1.3	Significance of the Study	6
1.4	Research Questions	7
1.5	Objectives of the study	8
1.6	Scope of the Study	8
	Reference to Chapter one	10
CHAPTER TWO: RELATED LITERATURE REVIEW		
2.1	Introduction	11
2.2	The Concept of Riba	11
2.3	Categories of Riba in Islam	13
2.3.1	*Riba al-fadl*	15
2.3.2	*Riba an-Nasi'*a	16
2.4	*Riba* in capitalist Economy	22

2.5 Prohibition of *Riba* in the Glorious Qur'an and the Sunnah 25
2.6 Reasons for Prohibition of *Riba*. 31
2.7 Harmful Effects of *Riba*..... 34
2.8 The views of Scholars on *Riba* as related to Monetary action..... 38
2.8.1 Functions of money 43
2.9 The position of Islam on *Riba* in Modern Banking systems...46
2.9.1 Interest- Free Banking System in Accordance with Islamic Law.....56
Reference to Chapter Two..... 63

CHAPTER THREE:

RESEARCH DESING AND METHODOLOGY

3.0 Introduction 66
3.1 Research Design 66
3.2 Population 67
3.3 Sample 67
3.4 Method of data collection..... 69
3.5 Method of data Analysis .....
Reference to Chapter Three..... 70

CHAPTER FOUR:

DATA PRESENTATION AND ANALYSIS

4.1 Introduction 71
4.2 Discussion of the interview.....
Q.1 Gold and silver were original money, but paper money replaces gold and silver World wide and. Does *Riba* occur in paper money? 71

Q.2 In Nigeria banks and individuals give loan with interest. What is the Position of Islam on interest to the loaner? 80

Q.3 In Nigeria, people operate saving and fixed deposit account that have interest. What is the position of Islam on legitimacy for receiving interest? 88

Q.4 What is the solution for the Muslim in Nigeria, about the modern bank interest?..... 92

Q5 Does *Riba* occur on other mineral like copper, petroleum..... 94

Reference to Chapter four..... 100

CHAPTER FIVE

SUMMARY FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Summary 104

5.2 Findings..... 105

5.3 Conclusion..... 106

5.3 Recommendation..... 107

Reference to Chapter 108

BIBLOGRAPHY..... 109

ABBREVIATION

A.H - after Hijrah (Migration of Prophet Muhammad from Makkah to Medinah)
E.G – For example

ETC –And so forth

I.E - That is

IMF- International Monitory Fund

Mal- (Malam) Teacher/ Scholar

NP – No place of Publication

ND – No date

NACB –Nigerian Agricultural Co-operative Bank

P.B.U.H- Peace be Upon Him

SWT – (Subhanahu Wata'alah) Glory be to Him

STEM –Second Tier Foreign Exchange Market

SAP –Structural Adjustment Programme

WB –World Bank

DEFINITION OF TERMS

Arafat - Mountain in Saudi Arabia

Adl - Just

Dinar - Gold Coin

Danãnir- Plural of Dinar

Dirham - Sliver Coin

Darurat - Necessities

Fiqh - Islamic Jurisprudence

Halal - Lawful

Hajj - Pilgrimage

Haram - Prohibited

Hadith – Saying, Action and tacit Approval of the Prophet

Jahiliyyah –Period of Ignorance

Ijarah majhulia – Unknown Wage

Ihsan - Goodness

Kunuz - Mineral Resources

Ma'arufu - Rightness

Munkar - Wrong

Mut'im - Food Commodities

Mudãraba - Another form of Partnership where the capital owner

contribute

Mũsharaka - Partnership

Nisãb - Minimal Amount of wealth for Zakah or Hadd in case of theft

Nas - Text

Qiyas - Analogy

Riba - Usury

Raw-baw - Hebrew word for pronounced Riba

Ra'asul mal - Capital

Rabittu al-Islami - World Muslim league

Ramadan - Eight month of Islamic calendar

Riyal - Currency of Saudi, Lebanon and Syria

Sa'i - Measuring bowl of a standard size

Shari' ah - Islamic law

Sãhabah - Companions of the Prophet

Sunnah - Practice of the prophet

Ummah - Community

Usuliyah - principles

Wadi'ah - Safe keeping

Zakah - Alms given

CHAPTER ONE: Introduction

The historical rendition of usury by the Arab of *Jãhiliyyah* which was well explained by the commentators of the Glorious Qur'an Imam Ar-Razi (1938p91) views that:

> The pagan Arab used to borrow money on condition that they would collect fixed amount each month, while the capital would remain safe. And when the time reaches, if the debtee is unable to pay the debtor will increase the amount and extend the time of payment, this was the usury (Riba) practised by the Arabs in the (Jahiliyyah).

Similarly Imam Al-Jassas (1934p465) explained usury in the following words "As the *Ribã* which was known and practised by Arab that they used to advance loan in the form of gold coin *dirham* or silver coin for a certain term with an agreed increase on the amount of principal advanced" Charging interest is condemned by Islam; this is in line with what Allah (SWT) says:

> Those who devour usury will not stand except as. The Evil one by his touch hath driven to madness. That is because they say "trade is like usury". But God hath permitted trade and forbidden usury. Those who after receiving Direction from their lord, Desist, shall be pardoned for the past; their case is for God (to judge); but those who repeat (the offence) are companions of the fire; they will abide therein (for ever) (Q2:275)

Similarly, Allah the Most High continues to say:

> O ye who believe! Devour not usury, Doubled and Multiplied. But fear God that ye may (really) prosper (Q3:130).

In another chapter, Allah the most compassionate states:

> That they took usury, though they were forbidden, and they devoured men's substance wrongfully, we have prepared for those among them who reject faith. a grievous punishment. (Q4:161)

1.1 Background to the Study

The pre-Islamic economy was based on four things viz: rearing of animals, trade, raiding and usury. Some people used to rear camels, sheep, cattle, etc. Very few of them were farmers due to the nature of their soil which is barren; some were traders in which they move their camels from one place to another. Rahim (1987p7) points that:

> Economically, pre-Islam Arabian society was very much in the primitive stage .The soil being barren; there was little of agriculture in the country. The People generally lived on sheep and cattle rearing. A few of them, who carried on trade with neighboring countries, were well to do in the Society. Most the Arabs were poor and as such were in debt to the usurers of the class of The Jews. The Jewish money-lenders treated their debtors very severely.

Arabs of the *Jãhiliyyah* period practised *Ribã* as a way of gaining more wealth, because some people mixed trade with usury and many people cannot differentiate between the two. Therefore, Muslims are forbidden to increase their wealth through *Ribã*. Interestingly, Allah (SWT) says in the Glorious Qur'an

> Allah has permitted trade and Forbidden Usury... (Q2:27)

And He says in another verse:-

> O ye who believes! Eat not up your property among yourselves in vanities (Q4:29)

Furthermore all forms of usury *Ribã* are forbidden, interest on financial institutions such as commercial banks, where one party in quantitative terms pays more than what they have received from the other party. Abdulgafur (2005p30) states that "*Ribã* of *Jãhiliyyah* is very similar to present day interest on loan and credit sales. The core concept is a loan at a pre-agreed rate of interest ".

Looking into this view one may realize that there are similarities between *Ribã* in *Jãhiliyyah* and the present time interest, because both of them receive from borrower, more than they gave out to him and that is exactly *Ribã* or interest. Therefore, Islam does not oppose lending money for investment or any other purpose, but it should be on the basis of *Sharĩ'ah* risk involved in this transaction is clear, especially when the loan is not in favor of the beneficiary of the loan. Under modern banking system a person that lends money as an investment is guaranteed his money plus interest whether the borrower succeeds or fails.

Paper money is being used all over the world as a medium of exchange. Societies accept paper money in their transactions today. Thus, there is a form of *Ribã* in paper money this happens on the exchange of money that occurs between two people as result of delay.

However, there are some Muslim scholars that argue on *Ribã* in paper money. Therefore, paper money is printed by the government or a government authorized body, and circulated among people for use in their transactions. This kind of money is commonly used all over the world by many nations for international transactions. Paper money is used as a means of exchange, a store of value, a measurement of future value and also as a means of evaluating financial transaction and as a representation of gold and silver nowadays Adekayi (1986p3)

1.2 Statement of the Problem

In the course of every research, the identification of the problem is necessary. Meanwhile, from the early history of Islam gold and silver are the only money use during that time and presently some Muslim scholars support that money must be gold and silver only, probably this will course problem to Muslim *Ummah* especially, hardship in transactions due to the shortage of gold and silver.

More so, there are some Muslim scholars in northern Nigeria that argue *Zakah* and *Ribã* are not applied in paper money; the fact of this matter is, if *Zakah* is not applicable in paper money this will lead to serious poverty in northern Nigeria. *On* the other hand some scholars disagreed with fist view; and *Zakah* is among the five pillars of Islam.

However, there are some scholars in northern Nigeria that

perceive bank interest are wages not ,*Ribã̃* while conventional banks in Nigeria do gives loan with interest to the loaner, although scholars have different opinions in this matter,. Nonetheless, Ibn Majah (1956p765) reported that abu-Hu`rairah (May Allah is pleased with him) said the Messenger of Allah (P.B.U.H) said:

> A time will certainly come over people when none will remain who will not devour usury. If he does not devour it, its vapor will so ever take him.(Weak hadith)

Therefore, with these complication issues of *Ribã* is what motivates me to under go this research which would lead to clear-cut explanation of the concept of *Ribã* in our paper money, conventional banks, loans and exchange transactions.

1.3 Significance of the Study

The significance of this study is to show where *Ribã* and *Zakah* can be found in paper money as such Islam prohibits the increase in loans, as a result of delay in settlement of the debt.

The research is also significant in the sense that, it will help the reader to understand that *Zakah* is due obligation not only in gold and silver, but involves paper currency. Moreover, the purpose of monetary transaction is to serve as great wheel of commerce which circulates among the people. If people reject *Zakah* in paper currency poverty will in creased among the society.

Furthermore, this study will also be of high significance to the

government, in the sense that conventional banks in Nigeria give loans with interest, hence the Glorious Qur'an and *Sunnah* explain prohibition of *Ribã*. Therefore, interest is both increases. Also there is consensus among the Muslim Scholars on *Ribã* and all its forms, Usury and interest both are *Ribã*. The distinction is insignificant. Islam strongly requires justice in human transaction, but exploiting people and forcing them to pay more than what the borrowed which is unlawful in Islamic. Therefore, government in Nigeria should encouraged conventional banks to stop dealing with interest *Ribã* in any form, so as to avert Allah's punishment here in this world and here after

1.4 Objectives of the Study

The following objectives are desired to be achieved at the end of the research:-

1. To explain the concept of *Ribã* in Islam
2. To explain the position Muslim scholars in Northern Nigeria on *Ribã* occur in paper money.
3. To examine how the ruling on paper money affects *Ribã* and *Zakah*
4. To identify the arguments of Muslim scholars in Northern Nigerian Who see the legitimacy of receiving bank interests as wages and who reject bank interests as *Ribã*.

5. To explain position Muslim scholars in Northern Nigeria on *Ribã* occurs in mineral resources.

1.5 Research Questions

1. What is the concept of *Ribã* in Islam?
2. What is the position of Muslim scholars in Northern Nigeria on *Ribã* occurrence in modern currency?
3. What is the Islamic ruling on paper money?
4. What is the Ruling of scholars in northern Nigeria on dealing with conventional banking interest?
5. What is the position of scholars in Northern Nigeria on *Ribã* occurrence in mineral resources?

1.6 Scope of the Study

The major areas in the research include history of *Ribã* and its categories in Islam, prohibition of *Ribã* in the glorious Qur'an and *Sunnah* of the noble Prophet (P.B.U.H) Reasons for prohibition on *Ribã*, harmful effect of *Ribã*, the concept of money, Nature paper money, *Zakah* and *Ribã* in modern currency and Functions of money. Conventional banking system, *Ribã* in conventional banking system, Ruling in dealing with conventional banking system, Argument for and against conventional banking system and Interest-free banking system, however, and the study will be limited to the concept of usury

Ribā within the perspective of some selected Muslim scholars in Northern Nigerian.

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CHAPTER TWO:

REVIEW OF RELATED LITERATURE

2.0 Introduction

This Chapter discusses the concept of *Ribã,* history of *Ribã* and its categories in Islam, prohibition of *Ribã* in the Glorious Qur'an and *Sunnah* of the noble Prophet (P.B.U.H). Reasons for prohibition of *Ribã,* Harmful effect of *Ribã,* the concept of money, Nature paper money, *Zakah* and *Ribã* modern currency, conventional banking system, *Ribã* in conventional banking system, Ruling in dealing with conventional banking system, Argument for and against conventional banking system and Interest-free banking system.

2.1 Concept of Usury *Ribã*

The word *Ribã* has been defined by many prominent Islamic scholars in different ways, al-Jazariy (n.d:p245) defines *Ribã* literally as an increase in loan of money or commodities. He proved this with the saying of Allah (SWT) in the Glorious Qur'an.

> When we send down rain to it, it is stirred to life and yields increase (Q41:39)

Al-Jazariy further explains that *Ribã* technically means "increases in two homogeneous commodities, where the debtor will receive increase as compensation from the debtee" Similarly

Isma'il (1997p42) stated that *Ribã* literally means "increases in height" (usury money), this means that an addition from the original money or commodities that are borrowed. From the above definitions, one will deduce that *Ribã* generally means additional charges to the borrower, which shows that an agreed percentage is added to the original money or commodities that are borrowed.

Bello (2006p9) views that, the word usury or interest as used in the Bible derives from the primitive Hebrew word pronounced *Raw-baw* .which carries the following meanings:-

(a) To become many, be or become numerous;

(b) To be or grow great;

(c) To make large, enlarge;

(d) To multiply, increase;

(e) To increase (in whatever respect); and

(f) Be in authority, bring up... enlarge.... group up, heap, increase... multiply, nourish...

Meanwhile, ibn-Taimiyya (1963p 418) opined that:-

> Usury (Ribã) of the *Jãhiliyyah* period was a debt that will be borrowed to another person for certain time. When the debtor asked the debtee to pay as planned early, whether he would repay or pay interest, thus if the debtee paid the original money is all right, if not the debtor will increase the time and the amount.

Also Afzalur-Rahman (1979p112) pointed out that the Arabic word *Ribã* literally means "increase in money or addition to anything" and technically, it was applied to "what a creditor charged from the debtor at a fixed rate on the principal he lent", that is *Ribã.*

Therefore, one may understand *Ribã* is a way of lending money or commodities. The debtee is expected to returns it at the fixed time with the additional charges, but if he is unable to pay at the fixed time, the debtor extends the time and charge more

2.2 History of Ribã

Lending or borrowing of money or commodities between humans has been practice in various part of the world for many years ago. Therefore, *Ribã* during this time has historical which refers to practice of charging financial interest in excess. Subsequent histories repeatedly condemned and prohibited *Ribã,* among the most vocal critics are the religious institutions such as Islam, Judaism, Christianity, Hinduism, and Buddhism etc. More so, ancient western philosophers, politicians as well as various modern socio-economic reforms denounce the practice of *Ribã.*

Ribã in Judaism

Criticism of usury has its roots in several biblical passages in

which the taking of interest as *nehekh* literally meaning "a bit" which refer to exaction of interest from the point of view of the debtor. However, in the associated Exodus and Leviticus text, it was almost applies to lending to the poor and destitute, while in Deuteronomy, the prohibition is extended to all money lending, with exception of business dealing with foreigners. In the levittical text, the word *tarbit* or *marbit* which means recovery of interest by the creditor. In addition to biblical prohibition of interest known as *avak ribbit* which literally refer to "the dust of interest" which apply to certain types of sales, rent and work contracts. This was distinguished from *rubbit kezuzah,* interest proper in an amount or at a rate agreed upon between lender and borrower. The difference in law is that the latter, if it has been paid by the borrower to the lender, is recoverable from the lender, while the former, once paid, is not recoverable. The Jewish encyclopedia (1912)

Ribã in Christianity

The critique of usury was done by the institutions of the Christian Church where the debate prevailed with great intensity for well over a thousand years. The Old Testament decrees were resurrected and a New Testament reference to usury added to fuel the case. Building on the authority of these texts, the Roman Catholic

Church had by the Fourth century prohibited the taking of interest by the clergy; a rule which they extended in the fifth century to the laity. Increasingly thereafter, and despite numerous subsequent prohibitions by Popes and civil legislators, Similarly, it is illustrative that, in contrast to the clear moral injunction against usury still expressed by the Church in Pope Leo XIII's 1891 *Rerum Novarum* as "voracious usury ... an evil condemned frequently by the Church but nevertheless still practised in deceptive ways by avaricious men", Pope John Paul II's 1989 *Solicitude Rei Socialis* lacks any explicit mention of usury except the vaguest implication by way of acknowledging the Third World Debt crisis.

Ribã in Hinduism, and Buddhism

Among oldest known references to usury are to be found in ancient Indian religious manuscripts such as: Jain (1929) provides an excellent summary in his work with title *Indigenous Banking in India.* Such record was derives from *Vedic* texts of Ancient India (2,000-1,400 BC) in which the "usurer" (*kusidin*) is mentioned several times and interpreted as any lender at interest. More frequent and detailed references to interest payment are to be found in the later *Sutra* texts (700-100 BC), as well as the Buddhist *Jatakas* (600-400 BC). It is

during this latter period that the first sentiments of contempt for usury are expressed. For example, *Vasishtha*, a well known Hindu law-maker of that time, made a special law which forbade the higher castes of *Brahmanas* (priests) and *Kshatriyas* (warriors) from being usurers or lenders at interest. Also, in the *Jatakas*, usury is referred to in a demeaning manner: "hypocritical ascetics are accused of practicing it". By the second century however, usury had become relative term, as is implied in the *Laws of Manu* of that time: "Stipulated interest beyond the legal rate being against (the law), cannot be recovered: they call that a usurious way (of lending)" (Jain, 1929p3-10).

Usury in Modern Reformist Thinking:

Adam Smith was the "Father of the Free-market Capitalism" and his general advocacy of laissez-fair economics, came out strongly in support of controlling usury (Jadlow, 1977; Levy, 1987). While he opposed a complete prohibition of interest, he was in favour of the imposition of an interest rate ceiling. This, he felt, would ensure that low-risk borrowers who were likely to undertake socially beneficial investments were not deprived of funds as a result of "the greater part of the money which was to be lent [being] lent to prodigals and

projectors [investors in risky, speculative ventures], who alone would be willing to give [an unregulated] high interest rate" The great twentieth century economist according Keynes (1936)

Another less well known anti-usury economic reformist was Silvio Gesell (1904), yet Keynes wrote that the world could learn more from him than from Marx. Gesell, as a successful nineteenth century merchant in Germany and Argentina, condemned interest on the basis that his sales were more often related to the 'price' of money (i.e. interest) than people's needs or the quality of his products. His proposal of making money a public service subject to a use fee led to widespread experimentation in Austria, France, Germany, Spain Switzerland, and the United States under the banner of the so-called "stamp script movement", but these initiatives were all squashed when their success began to threaten the national banking monopolies (Kennedy, 1995). Margrit Kennedy (1995), a German professor at the University of Hannover, is one of the most vocal contemporary critics of interest who builds on Gesell's ideas, believing that "interest ... acts like cancer in our social structure". She takes up the cause for "interest and inflation-free money" by suggesting a modification of

banking practice to incorporate a circulation fee on money, acting somewhat like a negative interest rate mechanism.

Ribã in Ancient Western Political Philosophy

Among the Ancient Western philosophers who condemned usury are Plato, Aristotle, the two Catos, Cicero, Seneca and Plutarch (Birnie, 1958). Evidence that found their concurrent manifestation in the civil law of that period can be seen in the *Lex Genucia* reforms in Republican Rome (340BC) which outlawed interest altogether. Nevertheless, in practice, ways of evading such legislation were found and by the last period of the Republic, usury was once again rife. It was the Democratic Party in Rome who rededicated themselves to the cause of those suffering the burden of debt, and under the banner of Julius Caesar, a ceiling on interest rates of 12% was set, and later under Justinian, lowered even further to between 4% and 8% (Birnie, 1958). Clearly, this left fertile ground for the assault on usury which the Church would mount following its Christianization of the Roman Empire

Ribã in Islam

It is not only Islam that prohibits interest, but all major religions of the world have prohibited the charging of interest, more so, due to wrong interpretations and personal desire of religion reformers. The

teachings of other divine book have been misinterpreted. How ever, Islam is the only religion that maintains strict prohibition for *Ribã,* in Islam the criticism of *Ribã* started during the life time of Prophet Muhammad (P.B.U.H). It was reinforced by various form of his teaching, Ibn Jabir in Sharif (2006 p441) further reported that Ibn-Kathir saying the Messenger of Allah (P.B.U.H) said in the speech he delivered at *Arafat* during his farewell pilgrimage that:

> The usury of the pre-Islamic period of ignorance is also to be abolished the first usury abolished is that of Abbas Ibn Abdul- Muttalib, for it is entirely abolishes.

He did not order them to give back. What they used (by way of such usury) during the pre-Islamic period, but he forgave what was committed in the past, as confirmed by Allah the Almighty

> Shall be pardoned for the past, their case is for Allah (to judge)" (Q2:275).

From these views one may released that why all divine religions especially Islam have give several verdicts against *Ribã*, because some of the basic teaching of all religions are to develop human equality, Harmony and pleasure in all mankind.

2.3 Categories of *Ribã.*

In the concept of *Ribã*, it was explained how *Ribã* was forbidden by Islam. Fazlur-Karim (1938p226) illustrates that abu-

Hurairah (May Allah is pleased with him) reported from the Messenger of Allah (P.B.U.H) who said:

> *Riba* has seventy (70) divisions-the easiest division of them is a man's marrying his mother.

From the above point by the noble Prophet Muhammad (P.B.U.H), one may realize that *Ribã* is of different kinds but the researcher shall give more attention to *Ribã* of money and commodities.

Similarly, al-Alusi (nd p49) explains that "many people reported that, the system of borrowing money with addition of interest on fixed time when the appointed time reaches and debtor will say "add percentage to the money and I will extend the time for you" Another category of *Ribã* is delay in transaction. Al-Shazili (nd p41) stated that "there is incremental *Ribã* which was forbidden, that is, to add". In the same vein, there is delayed usury, "that is to delay in cash payment". In this regard, Mr. (A) wants a new mint of five hundred naira (N500) notes for one hundred thousand (N 100.000) and Mr. (B) is the owner of new mint; when Mr. (A) brings his money for the exchange, Mr. (B) receives the money and tells him that he should come back a day after. As such, the delay by Mr. (B) is *Ribã* because the exchange should be hand

to hand and on the spot. Even if the delay is for an hour or five minutes, it is still *Ribã*. The Prophet (P.B.U.H) has explained how exchange should be done without delay by Fazlur-karim(1938p 222)

> Gold for gold is usury (Riba) unless in hand to hand transaction, silver for silver is usury (Riba) unless in hand to hand (transaction) wheat for wheat is usury (Riba) unless in hand to hand transaction ...

However, Malik in Rahimuddin (1985p 609) buttresses that:

> I had need for changing one hundred (Dinar) into (Darahim.) He said: Talha bn Ubaidallah sent for me. We agreed on it (barter of gold and silver for gold and silver). He took gold for me and turned it over in his hand and said: wait until my cashier arrives from Ghabah (a village near Madinah) Umar bn al-Khattab heard of this and declared. By Lord, do not leave him until you take money from him. He then said: the Apostle of Allah (P.B.U.H) had said that the exchange of gold for silver is Riba except when it is a cash transaction, the selling of wheat for wheat is Riba except when it is cash transaction, and the selling of dates for dates is Riba unless it is a cash transaction, the selling of barley for barley is Riba except when it is a cash transaction and selling of salt for salt is Riba except when it is a cash transaction"

Considering the above narration it could be deduced that all exchanges in commodities and money should be hand to hand, without any delay, whether similar or dissimilar.

Al-Andalus (1995p104) discussed that "*Ribã* found in the trade and loan transaction are divided into two. There is increase usury *Ribã al- fadl* and Delay usury *Ribã an-Nasi'a*"

2.3.1 **Increase Usury *Ribã al-fadl***

This type of *Ribã* is based on increase in the trade or barter exchange and it happens in taking of superior thing of the same kind of commodity, and gives more of the same kind of goods. Islahi (1988p129) defines *Ribã al-fad* as "Changing extra-quality in barter exchange of the same commodities". For instance, Mr. "A" came back from south Africa with five hundred (500) grams of gold, and wants to change two hundred grams (200) of his gold with the Nigerian gold, he went to market and met Mr. (B) a well-known dealer on all types of gold, he explained his demand to Mr. (B) after listening to Mr. (A) then he reply him that, if you want to exchange your gold with mine, it would be done on condition, that to every ten gram (10) of Nigerian gold you will add two gram (2)because Nigerian gold is superior to South African gold, Mr. (A) agreed and brought two hundred and forty grams (240) of South African gold and he received two hundred grains (200) of Nigerian gold. Therefore, the increment of forty grams (40) made by Mr. (B) is *Ribã* and it is forbidden. Abu-Aziz (2002p409) cited Abu-Sa'idul-Khudiri (May Allah is please with him) saying the Messengers of Allah (P.B.U.H) said:

> Gold for Gold, Silver for Silver, Wheat for Wheat, barley for barley, date for date, Salt for Salt and like for like in hand to hand (transaction). Whosoever gives more or takes more than the taker and the giver is equal in taking Riba therein.

Obviously, gold superior quality for gold of inferior quality in great number is *Harãm* because there is no any increase in both

2.3.2 Delay Usury *Ribã an-Nasī'a*

This is the type of *Ribã* that had also occurred in *Jãhiliyyah* period.

Al-Jazã'iri (2007p258) divided *Ribã an-Nasi'a* into two:

(1) The pre-Islam usury is the one that Allah (SWT) forbids in the Glorious Qur'an He says:

> O you, who believed, devour not usury doubled and multiplied (Q3:130).

However, whosoever owes debt, and when its due time comes, the debtor will say to debtee, either you pay me back or I add on you, if he does not pay, he add some percentage of the money, and waits for another period, this will continue to increase until he pays.

(ii) Is in buying and selling of goods in which *Ribã* occurs. This happened in one of the two cash or commodities, such as Wheat, Date, Rice, etc for example: A man selling two bags of date for a bag of wheat, the seller will give his date and will not take a bag of wheat until a day after, this delay is *Ribã.* Or he wants to sell one hundred grams of gold with two hundred grams of silver, but the

owner of the Gold will give it to the buyer and he will not receive the silver until after ten days. This delay no matter how little it is,

Al-Andalusi (1995p105-106) viewed that: "There are items that are forbidden and there are those that are not". In line with content of the tradition of the noble Prophet (P.B.U.H) Ubadah bin Samit (May Allah is pleased with him), in Andalusi (1995p106) who reported from Abdullah bin Abbas who said:

> I had the Messenger of Allah (P.B.U.H) forbidding selling Gold for Gold Silver for Silver, wheat for Wheat, barley for barley, Date for date, and Salt for Salt except equal to each other.

He who increases anything (large or little), he made *Ribã*. This tradition is the proof for *Ribã al-fadl*. On the other hand, Umar bin al-Khattãb (May Allah is pleased with him) in Andalusi (1995p106). Explains that *Ribã an-Nasĩ'a* is described in a popular tradition narrated by Umar said:

> The messenger of Allah (P.B.U.H) said "Gold for gold is Riba unless in hand to hand, Silver for Silver is Riba unless in hand to hand wheat for wheat is Riba unless hand to hand, barley for barley is Riba unless hand to hand, Date for Date is Riba unless hand to hand.

Now, if we put the narration of Ubaidah on *Ribã al-fadl* and the narration of Umar bin al-Khattab (May Allah be pleased with them) on *Ribã an-Nasĩ'a*, one will deduce that both the traditions are Genuine and are talking about the same six (6)

items that were forbidden increase on them, or delay in their exchange. In another tradition, according to Andalusi (1995p106)

> Buy Gold with silver if you wish but hand in hand;
> barley with wheat if you so wish but also hand in hand.

Thus, all the six items that are mentioned above have been agreed by all the leading jurists that, there should be no increase in both of them especially in the two items that are of the same kind e.g. Gold for Gold or Wheat for Wheat except bin Aliyah in Andalusi (1995p106) who further said: "When two items are not homogenous " as Beans and Rice or Wheat with Corn" in this case, it is lawful to increase in one over the other with the exception of Gold and Silver, because they are among the six items that are forbidden to have increase in them by the tradition of the noble Prophet (P.B.U.H).

From the above two narrations, one can understand that the first narration is the proof of prohibition of *Ribã al-fadl* and the second narration is an evidence of *Ribã an-Nasĩ'a*. Moreover, the majority of Jurists opined that Gold and Silver are exceptional, but Malik in al-Jazariy (n.dp215) viewed that:

> It is unlawful to increase in the Gold and Silver, but in the food items that will be stored for long period such as Wheat Barley, Rice, Corn, Maize, Millet etc. (Riba al-fadl) and (Ribã an-Nasi'a) occurs in stored food, but only delay usury occur

> in fruit and vegetable, but superior usury does not, according to Malik. It is lawful to increase in all kinds of fruits or vegetables that are the same kind or not, but delay usury occurs in them.

For example Mr. "B" has three bags of oranges and wants to exchange with Mr. "A" that has five bags of coconuts, and Mr. "B" made a condition that on every one bag of coconut, he will receive one and half bags of oranges. Both of them agreed on the transaction, there is no any prohibition on it because it is not the type of food that will be stored. But if to say that Mr. "A" receives the oranges and delays in bringing his coconut to Mr. "B", then that delay is forbidden, Malik further explains that the effective cause *illah* which forbid *Ribã al-fad*l are the conditions such as". The foods that can be stored for a long period and human life depend on it most of the time". For example, in Northern Nigeria, most of the people used the following food items "Maize, Millet, Rice, Guinea corn, and Beans as a means of their livelihood". Had it been that the above mentioned food will be hoarded, most of the people will suffer and come to serious hardship.

Ahmad bin Hanbal in al-Jazariy (nd p251) states that; the effective cause *illah* of forbidden increases on the items that can be

sold or bought through "measuring of bowl or weighing their value on items. *Ribã* occur into it, how little or large it is". e.g. Mr. "A" came back from Makkah with two bags of dates and wants to sell half of a bag or exchange it with Nigeria dates, he meets Mr. "B" at the market and most of the people that want his dates have no cash at hand, only Mr. "B" has dates that could be exchanged if he agreed with the condition. Mr. "A" further explains that any one who wants his goods must give one full bag of Nigerian date, moreover, Makkah date is sweeter than Nigerian date, Mr. "B" agreed and brought one full bag of date and received half of a bag. But Mr. "A" forgets that dates are dates from any place in the world, because there is no any difference in their origins. Therefore the increase made to him is *Ribã* which is forbidden by *Sharĩ'ah*. Even if it is one date with two dates in the exchange is forbidden. But every items that cannot be measured in bowl or weighed in value, *Ribã* does not occur in it e.g. it is lawful to exchange two local eggs with one foreign egg etc."

Similarly, abu-Hanifa in al-Jazariy (nd p249) discusses that:

> The effective cause (illah) that forbids the increases on items that can be measuring its bowl is like the view of (Ahmad bin Hanbal). He further explains that the minimum food items that Riba occur in it, is half of measuring-bowl of a standard size Sã'i or more, but any thing that is below Sã'i is lawful.

Take for instance, a man wants to exchange a hand palm of wheat with two handful palm of rice or beans, it is allow to increase in it, if it is on the spot, hand in hand even if it is one handfuls of date with two handful of dates, it is still lawful.

From the views of two leading jurists (Ahmad bin Hanbal and abu-Hanifa), one can deduce that only food items that can be measured by bowl or weighed their value, *Ribã* occurs on them, such as gold, rice, wheat, even one date with two or vice-versa.

As-Shafi'i in al-Jazariy (nd p249) categorized the six items into two:

(1) Currency ***Naqad*** that is gold and silver

(2) ***Mut'im***: This refers to foods that are used to sustain life in humanity, most of the time, it is the one that Allah (SWT) recognized, it as foods for human beings and other living things (such as, Goat, Cow, Horse etc) that are living on the earth, such foods are wheat, corn, millet, rice, beans etc-Shafi'i further explained that commodities like (Gold and Silver or Foods that will sustain human life *Ribã* occur on it e.g. yam, Cassava and things that are eatable that is lawful which will sustain human life, usury *Ribã* occurs in them through delay transaction or increment in loan or exchange.

From the above discussion, one may realize that all the types of Foods that are used to sustain human life, *Ribã* occur in them.

2.3.3 Prohibition of *Ribã* in the Glorious Qur'an and Sunnah

The nature of the Glorious Qur'an regarding the obligatory rule or prohibition, the custom is that the law is coming gradually

up to the level of completing the command or prohibition. This is the method that was followed in obligatory rules of prayer, fasting and the prohibited things like alcohol. The law which prohibited *Ribã* is in stages, according to Tantawiy (nd p66-68) And Higab (1983p235) the gradual stage of prohibiting *Ribã* was that in the first stage, it is condemned and denounced by the earlier revelation of Glorious Qur'an without actually prohibiting it. He said:

> That which ye lay out for increase thought the property of (other) people, will have no increase with Allah: but, that which ye lay out for charity, seeking the countenance of Allah (will increase): it is these who will get a Recompense multiplied" (Q 30:39)

In the second stage, according to Higab (1983p235) a lesson and a warning are expressly stated in the Glorious Qur'an. It read

> Warning for the iniquity of Jews, we made unlawful for them certain (food) good and wholesome which had been lawful for them, for the fact that they kept many off Allah's way. That they took usury, though they were forbidden; and that they devoured men's substance wrongfully: we have prepared for those among them who reject faith a grievous punishment. (Q4:160 – 161)

This is an implied prohibition of *Ribã*, though not explicitly stated, but it prepares for the third stage which forbade it with charges of exorbitant rate of interests. Allah (SWT) said:

> O ye who believe! Devour not usury doubled and multiply but fear God; that ye may (really) prosper (Q3:130).

Finally, the quote below indicates the prohibition of *Ribã*. It states:

> Those who devour usury will not stand except as stand one whom the evil one by his tough, hath driven to madness that is because they say trade is like usury but God permitted trade and forbidden usury. Those, who after, receiving direction from their Lord, desist, shall be pardoned for the past, their case is for God (to judge). But those who repeat (the offence); are companions of the fire: they will abide there (forever). Allah will deprive usury but will give increase to alms giving for He loveth not creatures ungrateful and wicked. O ye who believe! Fear God and give up what remains of your demand for usury if ye are indeed believers. If ye do it not, take notice of war from God and His Apostle: But if ye turn back, ye shall have your capital sums: deal not unjustly. And ye shall. Not be dealt with unjustly. If the debtor is in a difficulty grant him time till it is easy for him to repay. But if ye remit it by way of charity that is best for you if ye only knew"(Q2:275-279).

However, one may use analogy to make the stages into four, such as in the first stage it was "charity is better than *Ribã*" (Q30:39). The second stage was "condemnation of Jews for taking *Riba"*(Q4:161) also in the third stage "prohibition of *Ribã* in compound form" (Q3:130). And final stage was, "total prohibition of *Ribã"* (Q2:275-279).

Ibn-Jarir in Sharif (2006p440) narrated on the authority of Ibn Abbas who said that the Messenger of Allah (P.B.U.H) said:

> On the Day of Judgment, it will be said to the usury eater, take your arms for war, then he recited those who devour (Riba) will not stand except as stand one whom the evil...

It suggests that they adopted such a claim as making lawful the usury out of their objection to Allah's commandments and laws.

However, this is not a comparison of *Ribã* to trade, because the polytheists and *Ribã* do not admit the validity of transaction set by Allah in the Qur'an. Had it been a comparison, was made, they would have said: *Ribã* is like trade that they aid: trade is like usury i.e. equal to it so when this trade is permitted, and this *Ribã* was prohibited. "Those who after receiving direction from their Lord, desists, shall be pardoned for the past, their case is for Allah (to judged)" i.e. whoever such a prohibition of usury reaches, and by then, he stops dealing with other sin in accordance with it, should have the earlier transaction. In view of Allah's saying "Allah forgives what is past" He said "but those who repeat (the offence)i.e. commit usury after the news of its prohibition reaches them, then punishment incumbent upon, since the root is held against them and this is the meaning of His saying: "are companions of the fire they will abide there in (Forever) ". However, the matter of Ribã is the most problematic in the sight of many people of knowledge. Indeed Umar bin al-Khattãb (may Allah be pleased with him) in Sharif (2006p441-442) said:

> There are three things, i liked that the messenger of Allah (P.B.U.H) might have put a decisive definition upon which we

> would depend (in our judgments): how much is the inheritance of a grandfather, the inheritance of the deceased person among whose heirs there is no father or son and many types of (Riba).

One will realize that all matters which have suspicion of usury in trade and exchange are difficult to understand.

Sunnah equally condemns *Ribã* and prohibits it in the exchange of currencies or commodities that are increased in the same kind or delay in transaction, al-Jazã'iri (2007p258) reported that the Prophet (P.B.U.H) said:

> Avoid seven destructive sins. It was asked: O messenger of Allah (P.B.U.H) what are they? He answered "Associating Allah with partner, to practice sorcery, to kill soul which Allah (SWT) has forbidden except with the right of Islam to eat up usury (Riba), to eat up property of an orphan, to give one's pack to the enemy freeing from the battle field while fighting with enemy and to accuse chaste woman who never thought of anything touching chastity and are good believers.

Similarly, Ibn Mãjah (1956p765) reinforced this thinking. In the narration of Ibn Mas'ud which was traced to the Messenger of Allah (P.B.U.H).

> Allah's curses are upon devourer and give Riba as
> Well as its witnesses and scribe...

If one observes these two narrations, one can understand that Allah cursed the usury eater and the person who gives it, even the witnesses and scribe of the usurious transaction all of

them is cursed Al-Maqdisy (nd p79) reported two narrations from Umar Ibn Khattãb and abu-Sãi'di al-Khudir, (May Allah is pleased with them) in the narration of abu-Sa'id the Prophet (P.B.U.H) said:

> Don't sell Gold unless equal to one another, do not value one over the other, don't sell silver for silver unless equal to each other, do not value one over the other. Don't sell articles which are present for that which is absent "in another word. Thus "except hand to hand" in another word except in an equal weight to weight, value to value some to one another.

Meanwhile, the narration of Umar Ibn Khattãb revealed how the messenger of Allah (P.B.U.H) said:

> Gold for Gold is Riba except a give and take; silver for silver is Riba except give and take; wheat for wheat Riba except give and take; barley for barley is Riba except give and t

From the above prophetic tradition, one will realize that between the buyer and seller, *Ribã* may occur either in delay or in increasing the same goods, such as Gold for Gold, Silver for Silver for Rice of Rice etc Islam prohibits increases in articles that are same, even though it permits to increase in things that are not the same e.g. Gold with Silver, Wheat with Rice etc. Ad-Dãrim (nd p258) also reported that: The Prophet (P.B.U.H)

> Once asked a man that came to him with best dates from Khaibar. He (the Prophet P.B.U.H) asked "Is every date of Khaibar like this? "The man said, O Messenger (P.B.U.H) of Allah, verily we take one measure of (Sa'i) of this date for two

> measures of these dates for two measures of it, for three. The prophet (P.B.U.H) said "don't do (it), sell all dates of inferior quality for money (Dirham) and purchase the best dates with money (Dirham).

This tradition shows that it is not allowed for a Muslim to give an article of the same kind and receive more than he gives, due to superiority. For example, Mr. "A" is a trader in Samaru, he sell mangoes of different kinds and Mr. "B" comes with his mangoes from Jos, which are sweeter than the ones Mr. 'A" sells. He wants Mr. "B" to help him and change basket of mangoes because people like it very much. Mr. "B" agreed, but Mr. "A" should bring two baskets of his mangoes, and receive one in return. The increase made to him is not allowed, instead of that, Mr. "A" should sell his mangoes and purchase Mr. "B' mangoes with cash. As the Prophet (P.B.U.H) explains abu-Huraira (may Allah be pleased with him) in Fazlu-Karim (1938p226) said the Messenger of Allah (P.B.U.H) said:

> I came across a people in the night in which I was taken to heaven. Their bellies are like houses wherein there are serpents which can be seen from outside their bellies, I asked: O Gabriel! Who are they? He said: These are those who devoured usury.

Ibn Mãjah (1956p247) reported that abu-Huraira said that the Messenger (P.B.U.H) of Allah said

> A time will certainly come over people when none

will remain who will not devour usury. If he does not devour it, its vapor will overtake him. (Weak hadith)

2.3.4 **Reasons for the Prohibition of *Ribã***

There are many reasons that make *Ribã* to be prohibited among which are, exploiting and cheating the borrower unjustly, in Ibn Taimiyyãh (1963p247) views the reason for prohibition of *Ribã* that is *Ribã al-fadl* and *Riba an-Nasĩ'a* is to remove the possibility of exploitation and acquiring property wrong. Similarly, al-Razi in Qardawi' (1984p265-266) explains four reasons why *Ribã* is prohibited.

(i) The taking of interests implies appropriating another person's property without giving him anything in exchange because one who lends one *dirham* for two *darãhim* gets the extra *dirham* for nothing. Now a man's property is for (the purpose of) fulfilling his need and it has great sanctity according to the *Hãdith.* A man's property is as sacred as his blood". This means that taking it from him without giving him something in exchange is *Harãm.*

(ii) Dependence on interest prevents people from working to earn money, since the person with a *dirham* can earn an extra *darãhim* through interest, either in advantage or at a later date,

without working for it. The value of work will consequently be reduced in his estimation and he will not bother to take the trouble of running a business or risking his money in trade or industry. This will lead to depriving people of benefits, and the business of the world cannot go on without industries, trade and commerce, building and construction, all of which need capital at risk.

(iii) Permitting the taking of interests discourages people from doing well to one another, as is required by Islam. If interest is prohibited in a society, people will lend to each other with good-will, expecting back no more than what they have loaned while its interest is made permissible the needy person will be required to pay back more on loans (than he has borrowed), weakening his feeling of good will and friendliness towards the lender.

(iv) The lender is very likely to be wealthy and the borrower. If interest is allowed, the rich will exploit the poor, and this is against the spirit of mercy and charity.

From the above explanations, one will deduce that Person, who takes *Ribã*, is exploiting the borrower unjustly because the debtor has the easier way of earning money without work.

Similarly Gumbi (2008p7) explained why Islam prohibits interest:

a) *Ribã* is reward that one gets without any effort for deserving it

b) *Ribã* destroys the culture of brotherhood and sympathy for

c) *Ribã* which is the main transaction in the western banking system that limit the banks involvement in more profitable aspects of the economy e.g. industrial projects.

However, one may realize that, this type of situation creates a distinction between the debtor and the debtee as a result of that, the rich become richer while the poor become poorer, this will likely create socio-economic classes in the society leading the masses, to hate rich people. More so, Islam explains what is lawful and unlawful as Allah (SWT) commanded his messenger (P.B.U.H). He said.

> O ye Messenger! Enjoy (all) things good and pure, and work righteousness. (Q23: 51)

In the above verse, Allah (SWT) orders His Messengers (P.B.U.T.) to eat from what is lawful and legal and He also commands believers to eat what is lawful, as He said.

> O ye who believe! Eat of the good things that have provided for you (Q2:172)

With this verse, every Muslim should eat lawful things.

2.3.5 **Harmful Effects of *Ribã.***

A human being needs justice in every aspect of life, this may be socially, morally and economically, since *Ribã* is cheating and re-enforcing the accumulation of wealth in the hands of few people. Hence, debtor is treating the debtee severely, without any sympathy. Consequently, *Ribã* causes suffering to individuals, societies in general. The most harmful effect of *Ribã* is that, most of the countries that receive the credit from World Bank or any western financial institution, the country will pay the interest that was fixed, plus the capital as negotiated, when the time comes and the country is not able to pay, the debtor will increase the interest and fix another time for the payment, this causes problems to most of the underdeveloped countries

Yazid (2002p7) explained that: "The institutions of interest plus underdeveloped economies were most of the new projects though of high priority, have often very low profit yielding capacities and consequently fail its warrant, high interest's rates." In most cases, the low profit yielding projects are either not under-taken at all or if they are left unfinished because of the high burden of interest payment. An-Naseehah (2006p12) observe

that *Ribã* is an odious earning, prohibited, disastrous and an ill-gotten property lacking any good and no blessing come from it. Rather, it brings about *Harãm* and deficiency in religion and worldly affairs in the present and in the future for everyone who partakes in it, no matter the form of participation and assistance such as collecting or giving usury writing or witnessing it.

Therefore, one may realize that usury could create problems to the underdeveloped economies. Interests based system is the third world is very high interest rates, because the condition attached to the loans are very strength, Koya (nd p1-2) discusses that:

> Nigeria has also fallen into the debtor-countries of the world. Recent and course, the present economic measures informs of Structural Adjustment program (SAP) and the second tier foreign exchange market (SFEM) are some of the government's economic policies reacting to the consequences of some of the local and international loans borrowed directly or indirectly from the World Bank (WB), International Monetary Fund (IMF) and other financial institution of the industrialized countries.

This shows that the country that takes credit should devaluat their money through second tier foreign exchange marke (SFEM).However, from the above view, one may understand tha Nigeria is an example of this problem. Take for example, in Januar 2008, a bag of rice is N5.500, but by April the same year, it cost N

500. *Ribã* leads to bankruptcy and results to loss of productive potentials for the whole society and causes unemployment, the weight of debts makes it difficult for depressed economies to recover, bringing further suffering to the whole society; Akpan (2006p47) explains that:

> Nominal interest rates are likely to rise; it will become more difficult to asses the profitability of projects, of prices which are subject to fluctuations and this may lead to the wrong investment decision being made. Investors may become worried about raising costs and about the effects of government anti-inflationary polices and investments may be cut down or reduced.

Looking into this quotation, one may deduce that during the last regime, the Head of Government had been to various places in seeking for investors, but due to the fluctuations which lead to wrong investment and the investors become worried about the rising costs, every time that limits the banks involvement in more profitable aspects of the economy e.g. industrial projects.

2.4 Concept of Money

Paper money is being used all over the world as a medium of exchange. Societies accept paper money in their transactions today. Money has been defined by many scholars among which are kamaludin (2004p3) define money "as generally thing that is

accepted as payment for the goods and services or debt". And technically, means "anything that is accepted as medium for payment" for example in ancient time people used rocks, leather, salt, shells, etc. as money. These were later replaced by metals like gold and silver which played the role of money for considerable span of time in human history.

Similarly abul Hassan (nd p21) define money in Islamic economic literature, "as a medium of transaction", i.e. a means of payment, a standard for evaluating goods and services, a means of future values, and a store of value. Also Adekanye (1986p3) defines money generally. "As a medium of exchange, it confers on the holders command over other assets, anything that is commonly accepted as a medium of exchange and as an instrument for the final settlement of a debt can be regarded as money". On the other hand, money may have commodity value, but may not be generally acceptable as an instrument of exchange to settle all claims.. It is necessary to give money a legal tender status.

From the above definition, one may understand that anything that is commonly accepted as a medium of exchange and as an instrument for the final settlement of a debt is regarded as money.

According to Usmani (2005p9) explain that "Islamic and capitalist both agreed that money is used as wealth and also as means of exchange. However, Islam, unlike capitalism does not view as a commodity which can buy and sold at a profit." Rafiq (1987p4) explain that "Money in Islam is meant to be from gold and silver as a tangible commodity that may be used as measure (yard stick) for pricing other commodities".

Thus, paper money is printed by the government or a government authorized body, and circulated among people for use in their transactions. This kind of money is commonly used all over the world by many nations for international transactions. Paper money is used as a means of exchange, a store of value, a measurement of future value and also as a means of evaluating financial transaction and as a representation of gold and silver nowadays.

2.4.1 Nature of paper money

As far back as thirteenth century a group of Italian goldsmiths had migrated from an Italian province, Lombardy, and settled in a part of London today called Lombard Street. At the begging these Italian goldsmith only carried out the traditional services of craft and expanded they business to acquire the vaults or safes for the safe-

custody of all gold and precious metal they received from their clients. Ekezie (2002p22) state that "both traders and non-traders, it came about seventeenth century that these goldsmiths took the gold (both in from gold coins and bullion) from these people for safe keeping, issuing a receipt which acknowledge the deposit of gold and incorporated promise to return it on demand" as time went on, more people came to hold these receipts and they began to circulate for value among traders. For example a trader wishing to buy something from Mr. A and would take his receipt back to the goldsmith and get his gold (money) back. It be came convenient to the goldsmith to develop receipt in various denominations like £5, #10, #100 etc. in order to facilitated the transferring of the paper from hand to hand as the receipt moved, the goldsmith resorted to writing their personal promises on each receipt, to pay any bearer of the receipt the stated amounts when they were asked to do so. Note people should understand that up to present time they are currencies that are writing on it "promises to pay". As demand for gold and sliver increased with rise in prices.Ekezie (2002p23) mention that "the convertibility of bank-notes into gold and silver was gradually given up after the first world war"

However, discussion of money by Muslim scholars can be traced to the earliest period of Muslim history. During that time scholars focused on the issued relating to usury, *Zakah*, exchange, sale and loans. Although the scholars writing in the early part of the Muslim history were exposed to gold and silver money as the main forms of money, even though there are two schools in Islamic scholarship on what can be money.

a) Views that limit money to only gold and silver.

b) Views that do not limit money to gold and silver.

Views of those who limit money to gold and silver:-

Scholars in this group did not consider paper money *fulus* or any other item to be money, as these is reserved for only gold and silver. Hence all rules *al-ahkam* on money relating to *Ribã* and *sarf* (exchange) is limited to gold and silver while *fulus* come under the category of *ahkam* on "wealth other than money" as *urud.* They do not consider *Ribã* as possible on *fulus*.. Such as Sheikh Ahmad al-Khatib in al-Mani (1985p65) Sheikh Abdurrahman al-Sa'di (d1376A.H) Ibn Badran Ahmad al- Husayni (nd p151) sheikh al-Muti'I (nd: 150) in Hasan (1999p166) etc.

Evidence those who support this view:-

1. *Sunnah Taqriryyah* i.e. the prophet (P.B.U.H) approved the use of gold and silver in Makkah and Madinah. This according to their view makes gold and silver as money *hukm shari'i* and hence only gold and silver can be used as money. Al-Maqrizi (1984p3)

2. *Ma'umalah* and *ibadah maliyyah* is based on gold and silver. For example, calculation of *Zakah* on money is based on gold and silver. Also blood money *diyah*, theft punishment *hadd al-sariqah* and exchange transactions are based on gold and silver calculations.

3. Verses of the Glorious Qur'an indicate that gold and silver are too used as money. For examples,al-Tawbah:34 prohibits the hoarding of gold and silver which indicates that gold and silver function as money ai-Imran:75-91 showing the function of gold as a store/measure of value; Yusuf:20 indicating silver as a measure of value and medium of exchange, al-Kahf :20 where silver is used as a medium of exchange. Hail (1999p 132)

4. Consensus of companions of the Prophet (P.B.U.H.) for examples the guided khaliphs accept gold and silver as money.

5. Gold and silver are money by nature.

6. There is *hãdith* reported in Ibn Majah which prohibit the destruction for monetary system of Muslim (as gold and silver)

7. Shaf' and Malik limited the *illah* of *thamaniyyah* only to gold and silver. So other thing can not be money. Al-Salus (1985p 134)

8. *Zakah* is imposed on gold and silver in whatever form and use (except some limited amounts for jeweler). In addition, hoarding of gold and silver is prohibited. The idea here is to keep gold and silver in circulation. Gold and silver perform the function of money.

9. Although money *fulus* may have been used in a very limit amount during the life time of the noble Prophet (P.B.U.H). There is no *hãdith* on *Ribã* applied to *fulus* also one can not imposes *Zakah* on *fulus*

Views of those who do not limit money to gold and silver:-

Scholars in this group generally accept *fulus* as money since they view the *illah* on *Ribã* not to be limited to gold and silver only, but to anything that is acceptable in society as money. However, this include including Yusuf Qardawi, Muhammad Taqi Usmani, Abdullahi Sulayman al-Mani as well as views of contemporary Fiqh councils in the Muslim world. Hasan (1999p 221-213)

Evidence supporting the above view:-

1. Although *Sunnah taqririyyah* support the view of gold and silver as money. It cannot be interpreted to limit money on gold and silver.
2. Example of khalifa Umar Ibn Khattab wanting to use leather from

camels for money but was disagreed by the sahabah al-Mani (1984p126-127). There are two important things to understand Firstly. The fact that Umar want to do this seems to indicate that he thought it was acceptable. Secondly the reason on disagreement by the sahabah was not that it could not be done but that it would create a shortage of camel. Therefore, money does not limit to gold and silver.

3. Principle of *Ibahah*, i.e. everything is permissible unless there is a prohibition found in the al-Quran or *Sunnah*. Since there is no prohibition for use of other than gold and silver as money, it is acceptable. Hail (1999p 146)

4 The issues relating to money fall under the category of *al-masalih al-mursalah* and the authority is given to scholars to determine the type of money based on the sources of shari'ah. The first caliph to mint 'standard Islamic money' was Abdulmalik Ibn Marwan in the year 76 Ah (D86AH). Before this, gold and silver was used as money; it was not minted by the Islamic rulers. This means that money is an issue that is left to the authority to decide based on the welfare of the society.

5 Purpose of *sharī'ah* is to remove hardship. There is a possibility of hardship if money is restricted to only gold and silver due to limited

supply to fulfill contemporary economic and financial needs. Thus it may be possible to use other than gold and silver. Al-Khalid (1985p 81-83)

6 Accepting other than gold and silver i.e. fiat money that is practice now. Will facilitate continuance in observed shari'ah obligation such as paying *Zakah* and avoiding *Ribã*, if only gold and silver are seen as money, people may stop paying *Zakah* on their paper money and may also get involved in *Ribã* since these items will not be seen as constituting 'money' Khalid(1985p78)

7 The effect cause *illah* of *thamaniyyah* is not limited to gold and silver but is absolute, i.e. for money in general

8 Convention/customs should be evaluated by their meaning. The meaning of money should to be seen in its function as a medium of exchange and measure of value. It does not have to be limited to gold and silver.

However, the first group agreed in supporting their view more from the early history of Muslims, especially the actual practice during the Prophet's time. They also take a view that based on their understanding of the evidences, gold and silver as money is *hukm shar'I* i.e. therefore, money must only be gold and silver. On the other

hand the second group does not reject gold and silver as money moreover, they do not interpret the evidences as limiting money to gold and silver. Also based on general principle of legal maxims, *qawa'id fiqhiyyah* such as 'lifting of hardship' and the principle of *ibahah*, they are of the opinion that it would not be beneficial to see money limited to gold and silver. Therefore, gold and silver as money is acceptable but not obligatory. It is possible to accept other forms of money.

2.5 *Zakah* and *Ribã* in modern currency

The source of currency is gold and silver even if their source is metal which is the origin. Since the present currency are independent money and serves as gold and silver in transaction. With it therefore, people used their currencies instead of the gold and silver and the feel relaxed with the value of currency and accept them as wealth that can be stored in banks. This means that are this currency due for *Zakah* and *Ribã*? This shows clearly that Islamic scholarship is dynamic and able to address different situations and circumstances. Provide the issue is not something that is fixed directly in the Qur'an or Sunnah. Ibn-Ahmad (nd p47) explains that:

> The four leading jurists unanimously agreed on the forbidding of superiority in the exchange of gold for gold or silver for silver, but the commodities that are not the same with each other such as gold with silver, brass or copper or vice-versa it is lawful to have superiority in the exchange of each other, without delay. They further agreed upon *Riba al-fadl* does not occur in paper currency *kunuz* or any mineral resource that are not gold and silver, such as nicked, copper, brass and many others. *Riba* does not occur in them, and it is lawful to buy one with other even if they are the same with superiority but should be hand to hand.

From the above quotation, one may realize that the four leading jurists agreed that, there is no *Ribã* in currency and other mineral that are not gold and silver, but delay usury occurs in them.

Usman (2003:479-480) explained the views of Islamic scholars on jurisdiction for the status of currency in place of gold and silver. According to Usman, the Muslim scholars held their meeting in *Rãbittah*, (1402 AH) equivalent to (1981p227). The jurists made the following rulings that "Act with currency is just like dealing with wealth; its verdict is like the verdict of two metals that is gold and silver. For this reasons, *Zakah* is obligatory on currency". Usman further noted that currency stands on its own like gold and silver as wealth, therefore, according to him the council has agreed that "currency and its categories from different countries are considered and use as money". Putting the

above into cognizance, this points out that, *Ribã* flows in currency. That is to say, if the transaction is not the same or equal to each other and hand to hand as it occurs in gold and silver. Therefore, these are the reasons which made them to give their verdicts on the following:-

(a) It is not allowed to sell currencies that are of the same kind e.g. "to sell Nigerian money such as five thousand naira with six thousand.(N5000, with N6000) or same money with same denomination e.g. to buy new twenty naira note for ten thousand with twelve thousand naira etc.

(b) It is lawful to sell currency base on superiority, if they are not the same, but it should be hand in hand e.g. it is lawful to sell *Riyal* of Saudi with *Riyal* of Lebanon or Syria, be it gold or currency on the spot. Moreover, they are entirely different due to superiority in value, thus, it is a market currency exchange where some currencies are more valuable than others e.g. Dollars vs. Naira or vice versa.

(c) *Zakah* is obligation on currency, if it reaches the *Nisab*. because the money is independent even though if compared or less to value of gold or silver, also it is allowed to complete the *Nisab* with

another currencies or commodities of money for business or vice versa with regard to reserve.

(d) It is lawful to put currency as investment *Ra□asul-al-ma□l*.

From the above explanations, one may understand that, the source of currency is gold and silver, even though, it is not real gold and silver, but in modern business and transaction today, people are using this currency and stands on its own like gold and silver and people all over the world accept it as money in different countries. People also feel happy and relaxed with its values when you settle their debt with it. However, gold and silver are very hard to get now and also are short in transaction unlike currency. Therefore, what happened to gold and silver is also applicable to currency such as *Zakah* and *Ribã*.

2.5.1 Functions *of Money*

The purpose of money is to serve as the great wheel of circulation or the great wheel of commerce, even though economists recognize four major functions of money; Adekanye (1986:5) states them as:

i. Unit of value

ii. Medium of exchange

iii. Standard of deferred payment

iv. Store of value.

The monetary unit of value serves as the unit in terms of the value of all goods, a unit of value is a way of placing specific value on economic goods services called price. Thus, as a unit of value, the monetary unit is used to measure the value of goods as the feet or meters which are used in measuring distance or length, every country has evolved its own unit of value which circulates within the country E.g. (Naira and Kobo in Nigeria, Dollars and cents in America, Pounds and Pence in the United Kingdom) The existence of these units of value simplifies the exchange value of commodities in any market e.g. One orange costs fifteen kobo, a tuber of yam costs two hundred naira etc.

Money as a medium of exchange means, all market participants, that is, buyers and sellers accept money as payment of goods, anything that is commonly accepted by people in exchange of goods and services is regarded as money. This Item may be salt, gold, pieces of cloth, goat, books etc. Moreover, with money, one can buy many goods that are precious to him and also bargain in the market place. Money therefore, gives us a good

deal of economic independence and also perfects the market mechanism by increasing competition and helps in overcoming the disadvantage of barter system which was reduced in the exchange transaction into two, sale or exchange.

Money as standard of deferring payment, the existence of money has simplified both debtor and debtee in the process of repayment of all credit transactions by linking the present values with future. This function will not work, if the money does not maintain a constant purchasing power throughout the period of deferment. Experience has shown, for instance, in 1984, a bag of maize cost, twenty-five naira only, today the same bag of maize costs five thousand, or a room in Zaria cost five naira (N5) in 1988, but now the same room costs one thousand naira (1000).We can see the different ways in which the purchasing power of money has changed within the same country.

Money as store of value, if the value of money remains stable over a fairly long time, for example, during the period of inflation, the value of money will fall in real terms. Although, money value will still be the same, if a man stores one hundred naira in the current account of commercial bank during a period

of (20%) twenty percent inflation. One year later the account will still read N100 but the man would have lost N20 in purchasing power.

2.6 The conventional banking system.

Modern banking serves as an intermediary among the countries of the world and among the people of a nation. For a layman to understand this concept, we need to know what a modern bank is. Ekezie (2002p68) defines modern bank as "an organization whose principal operations are concerned with the accumulation of the temporarily idle money of the general public for the purpose of advancing to others" Similarly Sayer (1967p200) Points out: Ordinary banking businesses consist of changing cash for bank deposits and bank deposits for cash, transferring bank deposits from one person or corporation (one depositor) to another; giving bank deposits in exchange for bills of exchange ".

From the above quotation, one will deduce that modern bank is an institution where people can keep their money. However, there are different banks in Nigeria which include:

1. Central
2. Commercial Bank
3. Federal Mortgage Banks
4. Merchant

5. Agricultural and Corporative Banks 6. Federal saving banks

7. Commerce and industry Banks etc.

Therefore, the apex of every modern bank in any country is central bank which is the main body that takes care of other banking institutions. The central bank of each nation has the authority to grant licenses to various types of banking institutions. What then is central bank? Ekezie (2002p69) explains that:" Government representative in the banking system, and acts mainly banker to the governments. It has a very close association with both the government and the banking sector of an economy advising the government on monetary policies and implementing the policies on behalf of the government"

Considering the above definition, one may realize that central bank is a bank that was set up by the government to help in co-ordaining and controlling commercial and other banks .It also controls the nation's money supplies the credit condition. Ekezie (2002p70) further explains the main four (4) essential roles of central bank such as:

(i) To issue the national currency;

(ii) To conduct momentary policy;

488768

(iii) To act as lender-of-last-Resort,

(iv) To manage the exchange rate.

Looking at the essential roles of the central bank, one may understand that, it is the duty of central bank to maintain the value and integrity of the nation's currency. For example, the central bank of Nigeria helps in mounting campaign against currency mutilation in nation. On the other hand, commercial banks are the most important financial institutions to every nation; their services are very essential and distinguished from other forms of financial institutions. Adekanye (1986p37-38) explains the function of commercial banks in Nigeria, the offer two major types of account to their customers: "Current accounts and deposit accounts" The deposit account can again be sub-divided into two, actual deposit account and saving accounts. The funds which customers deposit in this account can be used by the banks to create loans for other customers.

From this explanation, one may realize that, current account is one of the popular accounts that people use. The holders do not receive interests on their deposit, instead of that; they are charged a fee for the services rendered to them by the

bank in connection with such accounts. Also customers with current accounts have access to all banking services, such as drawing and collection of cheques, funds transmission services, standing orders, safe custody etc.

Deposit account is accepted by commercial banks in fixed deposit or time deposit. This type of customer does not need money for stipulated time, usually (6) six months to a period of 10 years or more depending on the time the bank issues a deposit receipt or passbook. It has no overdrafts, the bank pays higher rate of interest on such deposits. The rate of interests depends on the maturity period of the fixed or time deposit. Concerning

Savings account; it is the type of account that people use in saving their money some interests rate are paid to the depositors. All transactions are recorded in the bank. Customers with savings are issued with passbooks for withdrawal and depositing. Savings account provides banks with a stable source of loan able funds. Federal mortgage bank is the major financial institution operating in the housing development market; the bank operates three types of loans according to Adekanye (1986p37-38).These are: Social loans, it is for housing

corporations at the usual interest rate i.e. (9 1/2%) nine and a half percentage while the duration of payment is between ten (10) to twenty (20) years.

Economic loans: this type of loan is for building construction, the buildings should be available for looting, mixed housing estate development and building material projects can also attract this type of loan. The interest rate of payment is between (9y %) and (13%) with usual duration of 15 years. Commercial loans are available for all commercial ventures in the building and construction industry. The interest rate is (13%) and the duration of payment of the loan is ten years, if the project is for residential building and seven years if for non-residential.

However, Ekezie (2002p40-41) throws more light on the function of merchant banks. Among which to accept any deposit, with-draw -able by cheque. Merchant banks specialize in medium and long-term lending Ekezie further explains (NACB) Nigeria Agricultural and Cooperative Bank. Among the major objectives of these bank are: "Grant loans for agricultural production including horticulture, poultry farming,

pig breeding and for purposes of storage, distribution and marketing connected with such productions to any state group of states or any institution for on-lending to any farmers, group of farmers, or corporate, barleys, subject to the states or group of states" etc

From this discussion, one may realize that banks are owned by share holders who have invested their money into business.

2.6.1 *Ribã* in conventional banking system,

The origin of modern banking goes back to the gold smiths of 16 century who stored gold on their premises for individual who needed somewhere to safely deposit their wealth. Therefore, receipts were issued to those who availed of this service, when the receipt was subsequently presented to gold smith, the gold would be returned. As time goes on the general public started to use paper receipt in places of actual gold coins. Moreover, banks have the same objective because they are to make profit, also all the banks give loans with interests in Nigeria, even though some learned Muslims blinded by the superficial charm of the European civilization, they claimed that what Islam prohibited is usury and not interest.

What then is interest? Macmillan Dictionary (2004p390) defines interest rate as "The percentage that bank charges or pays to someone as interest when they borrow money from it or keep money in an account". Similarly, Longman dictionary (2003p994) defines interest as a percentage of amounts charged by bank. Also Oxford advanced learner Dictionary (2002p625) defines "interest as extra money that you pay back when you borrow money". Uzoaga (1981p101) stated that "the cost of using someone else's money or viewed from the lender's point of view, as the price charged for allowing someone else to use your money".

From the above definitions, one will deduce that interest rate is nothing but addition to the debate's account or some percentage of interest is to be paid to a depositors account beside what he has deposited. Interest rates are usually calculated in percentage per annum of the amount borrowed or lent. For example, if an interest rate of 13% per annum is charged by bank on real estate, there is on residential loans, it means the debtee would pay N13 every year for every N100 borrowed or if the approved interest rate on bank deposit account is 10% per annum.

On the other hand, one needs to know why Bank charges interest.

According to Adekanye (1984p90-92) there are three major reasons why interest is charged.

(1) ***Productivity of Capital***: the said productive charging interests are justified in the sense that capital and labor or the two together can be combined to produce something and since labor is usually dully compensated, so the capitalist also deserves payment for the use of his money". Take for instance, a man decides to invest 100,000 in buying a small block-making machine, he employs an operator and two other people to produce block for sale, at the end of every six month, he will realize the total income of N60, 000 = therefore, the additional income (10,000) of one percent (10%) has been generated by use (100,000) often hundred thousand as capital, this is the income which has been described by economist as the net productivity of capita.

(ii) ***Liquidity***: The borrower of money sacrifices his liquidity (money) and he must be compensated with something which will conies to him as form of interest paid to him by the borrower, even though the rate of interest charged ends on the type of debt e.g. a person that holds a deposit accounts,

especially fixed deposit is of high interest because the depositor is not expected to withdraw the money until it become matures also the longer the money set, the high or will be the interest rate.

(iii) ***Risk***: Every loan carries a risk, the loans may be smaller or higher, bank does not accept risk because there is always risk that loans extended or money lent will not be repaid according to the terms and conditions of loan agreement.

However, productivity of capital, liquidity and risks are the main reasons why banks charged interest, hence the bank compensated the person that put his money in saving account or fixed deposit through the interests that was paid to him.

2.6.2 Ruling on dealing with conventional banking system

Scholars have various ruling on conventional banks, this include a depositor of fix or saving account in a conventional bank, An employ of such bank, if they are dealing with *Ribã* what Islam says about them.

Ahmad (2006 vol.3p76) cited Uthaiym saying that "Anything transaction that deals with *Ribã* is entirely dangerous because of the saying Allah (S.H.W) in the glorious Qur'an:-

> O ye who believe! Fear God and give up what remains of your demand for usury if ye are indeed believers. If ye do it not, take notice of war from God and His Apostle: But if ye turn back, ye shall have your capital sums: deal not unjustly. And ye shall. Not be dealt with unjustly (Q2:278-9). Those, who after, receiving direction from their Lord, desist, shall be pardoned for the past, their case is for God (to judge). But those who repeat (the offence); are companions of the fire: they will abide there (forever) (Q2:275)

And the noble Prophet (P.B.U.H) said.

> Allah's curses are upon devourer and give usury (Riba) as well as its witnesses and scribe are equal in sins.

Uthaiym further explain that, with this *hãdith* anyone that writes or witness it, he definitely contributed in transaction with *Ribã* and he is a partner in sin according to the above hadith.

Similarly Jadul-Hak (nd p230) stated that the scholars held a meeting at al-Azhar University, in (1965) the scholars made the following ruling that:

a. Every interest that is added on every debt is *Ribã*.

b. *Ribã* that is large or small is forbidden as the Qur'an states:

> O you who believe! Do not consume (Riba) doubled and multiplied but fear Allah that you may be successful (Q3:130.)

c. Giving lending with interest is prohibited; requirement to necessity which does not make *Ribã* to be lawful. Also receiving debt with Interest is prohibited.

From the above ruling of the scholars, one may understand

that any interest that is added to credit is *Ribã,* no matter how big or small it is, more so, necessity does not made *Ribã* to be lawful.

Ahmad (2006p77) explain that the *Fuqaha'* held a meeting at the Muslim world league from 12 to29 of *Rajab* 1406ah, the scholars find out on ways that *Ribã* occur and how people transact with it. The *Fuqaha'* find that *Ribã* has much effect to both human and his country such as deficiency in the economy of a country; in fact the most problematic of the world to day is *Ribã*. Therefore, solutions to this problem is Muslim should absent themselves from dealing with *Ribã* in any from, also Muslim should not contributes to another muslin in receiving loan that carry *Ribã* or giving, writing and witness it.

Ibn Baz in Ahmad (2oo6p79-80) opines that Muslim scholar agreed that any deposit (fix or savings) which carry interest in stated time like six month or a year is *Ribã* and was forbidden by *sharĩ'ah* more so, Allah will not bless the profit as He says:-

> Allah will deprive usury but will give increase to alms giving
> for He loveth not creatures Ungrateful and wicked. (2:276)

Because the depositor keeps his money on condition that after some period he gains profit, it among *Ribã an-Nasi'ah* according to

verdict of Muslims *Ulama'ah*. Also any conventional bank that deal with *Ribã* it is unlawful for every Muslim to be employer, is just like helping them in sin, as Allah (SWT) said :-

> ...But help ye not one another in sin and rancor (Q5:2)

And in hadith the noble prophet (P.B.U.H) explain the following:-

> Allah's curses are upon devourer and give usury (Riba)
> as well as its witnesses and scribe are equal in sins

And for those who safe keep their money in conventional bank that deal with *Ribã* is unlawful unless on necessity, safe keeping money in such conventional bank is like helping them indisposing *Ribã*.

2.6.3 Argument for and against conventional banking system

Scholars seem to have divergent views on the issued of conventional bank, scholars who concluded that interest is not *Ribã* and brought the following reasons:-

a) What is prohibited is only pre-Islamic *Ribã*

b) 'Need' based 'increase' interest is exempted from *Ribã* by the messenger (P.BU.H) as it is well documented that he allowed *Araya* in less than 5 *wasaq* of dates though he specifically prohibited *muzãbana*'

c) Riba is limited by the messenger (P.B'U'H) to certain 'sales'. None of the authentic *Ahãdith* mention loan *Qard* or debt *Dayn* in the context of *Ribã*.

d) Interest is *Nafa* Fiat currency is anew concept, and is commodity for sale. It must be governed by *Ayat* (4:29)

> O ye who believe! Eat not up your property among yourselves in vanities. But let there be amongst you trade by mutual good-will.

Rationale *Hikima* 0f *Ribã* prohibition is injustice. Interest is a 'just' return to the capital, whereas usury is not.

f) Interest to be charged from the costumers is for bank 'service' and interest to be paid to the depositors is from the profit.

Similarly some scholars explain the legitimacy of modern bank interest which bank paid to depositor; they stated their views in Koya (nd p 16-17) as follows:

> (a) Modern bank interest is not a kind of (Riba al-Jahilliyyah) which in the pre-Islamic days made the principal multiple for the stipulation of (Riba) increasing in the subsequent terms, although not in the first term.
> (b) Bank interest should be equated with (Riba al-fadl) for not having been explicitly prohibited by Qur'an. It should therefore be viewed leniently with regard to its lawfulness or otherwise. Accordingly to them bank interest precisely falls within the scope of ijtihad by the competent authority.
> (c) Bank interest and its business is a case of (Mudarabah) dealing i.e. partnership between capital owner and working agent. But in the opinion of (Ulama'a) it is only lawful when such a business is run on the basis of a mutual agreement to share the profit proportionately. Here is the case of banking

itself, but through the assets which the bank acquired such as rented houses or buses that are used for transportation etc. The bank will benefit from above goods. That is, to say the bank will get more profit on them as a result of this, bank will increase the account of depositor's especially saving and fixed deposit accounts. This means that his bank interests are wages not *Ribã*.

Maigari (1993p78-79) view that "Riba is allow to use in non-Muslim country if Muslim are leave they Maigari cited Abu-Hanifa in al-Mugni saying "if a muslin is leaving in non-Muslim country (Darl Harbi) that the prohibitions of *Ribã* did not affected them" means that they can transact with non-Muslim on Ribã hence they are leaving together in non-Muslim country also the can do it within themselves in non-Muslim country. Maigari further support this view hadith in Muwatta Malik narrated by Malik from Makhul that the prophet (SAW) Say

> No Riba between Muslim and non-Muslim in
> Non-Muslim country (Darul Harbi)

However, scholars who claim that prohibited *Ribã* includes both usury and interest based their arguments on the following.

a) *Ribã* means increase. Literally, means any increase above the principal is *Ribã* and therefore, forbidden.

b) The efficient cause *illah* for prohibiting *Ribã* is mere increase as the Sunnah explain or increase with deferment as the Glorious Qur'an and *Sunnah* specify. Thus, interest is both increase and increase with deferment.

c) There is consensus *ijma'* among the Scholars on *Ribã* and all its forms, Usury and interest both are *Ribã*. The distinction is insignificant.

d) Islam requires justice in human transaction *mu'ãmalat*. Exploiting a needy person, forcing him to pay more than what he borrowed is anathema to the Islamic spirit.

e) Usury and interest both are repressive.

f) Interest or usury generates income without labor which is reprehensible.

g) Usury has propensity to lead the debtor into more debt etc.

Also Tanko (2005p21) state that conventional bank do give loan with interest to the loaner and anything that is added to loaner little or large interest is *Ribã*.

2.7 Interests-Free Banking System.

The interest free banking system has determined the exact nature in contracts, the Muslim Jurists (the four orthodox

leading Jurists) have gone to great lengths to find out and to determine the exact nature and scope of contracts. For example, in Islam, two or more people may enter into an agreement where one party supplies the amount of capital while the other will employ the labor in commercial activities so as to make profit for the benefit of all of them.

Even though the Muslim world league (2006p32) gives the following definitions of Islamic Banking as a financial institution whose statutes, rules and procedures expressly state its commitment to the principles of Islamic *Shari'ah* and to the banning of the receipt and payment of interests on any of its operations. "A company which carried out Islamic banking business..." Islamic banking business means banking business whose aims and operation do not involve any element which is not approved by the religion of Islam". It is therefore, imperative for sand Islamic bank to incorporate in its function and practices commercial investments and social activities as an institution designed to promote the civilized mission of an Islamic economy. However, one can deduce that Islamic system of banking avoids receipt and payment of *Riḇã* in its transaction and conducts its

operations base on Islamic principles on transaction of which profit and loss sharing. An Islamic bank is a financial institution that operates with the objective to implement and materialize the economic and financial principles of Islam in the banking arena. The objective of Islamic banking is not only to earn profit, but, to offer welfare services to the people. Islam upholds the concept of money income and property belong to Allah (SWT) and this wealth is to be used for the good of society. The Islamic banking is operated on Islamic profit and loss sharing, strictly avoiding *Ribã* which is the root of all exploitations and is responsible for large-scale unemployment. Moreover, the primary subjective of establishing Islamic banks is to Promote, foster and develops the application of Islamic principles in the business sector.

The following are some of the main objectives of Islamic banking as in the Muslim world league (2006 p32)

(i) To conduct interest-free banking

(ii) To establish participatory banking instead of banking on debtor-creditor relationship,

(iii) To invest through different modes permitted under Islamic *Shari'ahs*

(iv) To accept deposits on profit and loss sharing basis,

(v) To establish a welfare-oriented banking system,

(vi) To extend cooperation to the poor, the helpless and the low-income group for their economic uplift,

(vii) To play a vital role in human development and employment generation,

(viii) To contribute towards balanced growth and development of the country through investment operations particularly in the less developed areas,

(ix) To contribute in achieving the ultimate goal of Islamic economic system.

Thus, commercial banks are essentially based on the debtor or borrower relationship between the depositors and the bank, on one hand, and on the other hand, between the borrowers and the bank, interest is considered to be the price of credit, reflecting the opportunity cost of money, Islam is therefore, firm on that a loan to be given or taken, freely to meet any contingency. Abul-YasIr in Fazlu-Karim (1938p`206) report I heard the Messenger (P.B.U.H) of Allah says:

> Who so gives respite to a debtor or grant him remission,
> Allah (SWT) will give him Shade under His shade"

However, in Islamic banking system, the creditor should not take advantage of the borrower, because when money is lent out on the basis of interest, more often than not it leads to some kind of injustice. Therefore, Islam underlying such kind of transaction, Allah (SWT) said:

> . .. Deal not unjustly, and you shall not be dealt with unjustly" (Q2:279).

Commercial banking in an Islamic framework is not based on the debtor-creditor relationship. In Islam, the principle regarding financial transaction does not accept any reward without taking a risk. This principle is applicable to both labor and capital. No payment is allowed for labor, unless it is applied to work, there is no reward for capital unless it is exposed to business risk. Therefore, theorist suggests to commercial banking in an interest-free system has been organized on the principles of profit and loss sharing; the institution of interest is replaced by a principle of participation in profit and loss. That means a fixed rate of interest is replaced by a variable rate of return based on real economic activities.

The Muslim world league (2006p35-36) differentiates

between Islamic free-interests and modern commercial banks system as follow:

i) a The Islamic banking system is essentially a profit and loss sharing system and not merely an interest (RibaD) banking system,

i) b Investment loans and advances in the conventional sense under this system of banking must serve simultaneously both the benefit of the investor and benefit of the local community as well. The financial relationship as pointed out above is referred into Islamic Jurisprudence as *MudaDrabah*

ii) Abolition of interest' *Riba* Since usury is prohibited in the Islamic law and interests in all its forms akin to *Riba* as confirmed by Islamic *Fiqh* scholars and Muslim economists with rare exceptions, the first distinguishing feature of an Islamic bank must be that it is interest-free,

iii) *Shari'ah* permissible sectors: While avoiding interests in its transaction, Islamic banking has also to restrict its operations only in the *shari'ah* permissible *halal* sectors of business,

iii) To uphold Islamic ethical standard: Moral judgment of things i.e. Islamic banking is to uphold Islamic moral standard and ethical values in all its operations and activities. What is

just/right *Ma'aruf* and what is unjust/wrong *Munkar* is to be considered in the light of Islamic *Shari'ah* *Adal* and *Ihsaan* are also the core issues of Islamic transaction.

Nevertheless there are about two hundred and forty-five numbers of free-interest financial institutions operating throughout the world, covering both Muslim and non-Muslim countries. (For more information check www.islamicbanking.com

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CHAPTER THREE: METHODOLOGY

3.1 Introduction

The chapter explains the procedure used for data collection and analysis the procedure includes - Research design, Population for the study, Sample for the study and methods of Data Collection and analysis.

3.2 Research Design

A research design is usually the plan, structure and strategies used for data collection. This includes an outline of what the researcher intends to do from the beginning to the end of the research, in order to achieve the stated objectives of the study. Thus, the topic of this research falls within the scope of survey research Agburu, (2001p52) suggested that instruments for gathering data for investigation include; "questionnaire, interview, case study observation and documenting source. Also Oredein (2004p 63) advocated the various methods of collecting data which include personal interview, direct observation, telephone interview, questionnaire, results of experiments and method of registration. It will be appropriate for the researcher to use face to face interview and telephone interview, due to the nature of the scholars.

3.3 Population of the Study

This refers to the subject involved in a particular study. These could take different forms; it could either be human being, materials or objects as the case may be. In every research, there ought to be population which would be large or small even though in most cases, is just for the researcher to either study the entire population or selected sample from it. Oredein (2004p48) stated that population in research refers to, "group of members or elements in a given area. It might be human beings, animals, trees, objects, or events of well defined group and are applicable" However, Bello, (2000p10) State that: "A population is collection element about which to make an inference this refers to a set of possible cases of interest in given research activities." the population of this research is different Northern Nigerian Muslim scholars from various fields of study.

3.4 Samples for the Study

The idea of sampling is to obtain a portion of the population from which some information of the entire population can form an opinion. Moreover, it is mostly impossible to cover the entire population in research due to the wider range of the population. So the researcher will generalize his findings based on what he

has obtained from the sampling. Olomolaiye (1986p45) observed that "in almost all instances in educational research, it is virtually impossible to study the whole population. But portions are usually studies "Also Osuala (2005p114) state "Samplings is taking any portion of a population or universe as representatives of that population or universes". All the names of the target population were written in pieces of papers, squeezed and dropped in a bucket. The pieces of papers were well mixed up in the bucket. I picked one out of the rest. However, random samplings fall within some selected Muslim scholars in Northern Nigerian. Such as:

1) Sheik Sharif Sale Maiduguri

2) Sheik Dahiru Usman Bauchi

3) Dr Ahmad Ibrahim Kano

4) Dr Ahmad Abubakar Mahmudu Gumi

5) Sheik Ahmad Muhammad Sunusi Gumbi

6) Malan Isa Talatan Maffara

7) Dr Sani Rijiyan Lemu

8) Dr Ibrahim Muhammad Jalo

9) Malan Ahmad Bin Muhammad Bello

10) Malan Abubakar Salihu and some others

3.5 Method of Data Collection

The main sources used in collecting data for this research are obtained from the primary and secondary sources which include, the Glorious Qur'an and *Sunnah* of the noble Prophet (P.B.U.H). However, the secondary sources include: face to face interviews and telephone interview with some selected Muslim scholars in Northern Nigeria on the matter of *Ribã*. The researcher also used legal decisions passed by Nigerian Muslim scholars on matter of usury *Ribã*.

3.6 Method of Data Analysis:

The researcher made verbal interview with some selected Muslim scholars in northern Nigeria on issued of *Riba,* more so, the scholars mentions *Nusus* during the interviews. However, the researcher fined the sources of the text used by the scholars during the interview, also at the end of each question the researcher made randomizations to their views.

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CHAPTER FOUR:

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

The purpose of this chapter is to discuss and analyze the data collected from the discoveries made by the researcher; relevant information have been gathered through verbal interview with some selected Muslin scholars in Northern Nigerian on *Ribã*.

4.1 Discussion of the interview questions, the researcher had sessions with the respondents.

Q.1 Gold and silver are the original money, but paper money replaces Gold and silver world wide. Does *Ribã* occur in paper currency?

Ahmad Abubakar Mahmud Gumi (1) viewed that paper currency is not the original money, but is estimate *kima* and one important thing to understand is any good that is commonly accepted by people is regarded as money. For example in the old days, people exchange slave with Horse, the fact was slave is human but wealth belongs to the owner. Therefore, *Ribã* occurs on currency, but not every currency, such as animal and *mal* both the two are money and *Zakah* is obligation on both, but *Ribã* is not applicable in them.

However, the last statement is based on Malik School of law even though in another school of law like Shafi'I, Zakah is applicable on Horse if the reaches the *Nisab* of Zakah

Ahmad Muhammad Sunusi Gumbi (2) stated that, paper currency represents gold and silver all over the world. If currencies are kept, *Ribã* do not occur in them, but where *Ribã* flow on paper currency is in transaction, that is the reason why the followers of Imam Mãlik said "avoid transactions with paper currency", For examples, if you want to change new ten naira (N10) for two thousand naira (N2000) and the owner puts a condition that, in every one thousand naira (N1000), you add one hundred naira (N100), because of the new currency. However, that one hundred naira (N100) is *Ribã*.

Yahya Tanko (3) reported that paper currency takes the position of gold and silver world wide and another important thing is what gold and silver buy for you during life time of the prophet (P.B.U.H) present currency will buy the same items for you. Moreover, what occur on gold and silver is also applicable to paper currency such as *Zakah* and *Ribã*.

Sani Rijiyan Lemu (4) acknowledged scholar that accept

analogy *Qiyãs* viewed that the sources of currency are gold and silver, this show paper currency replaced gold and silver in transaction all over the world. Hence gold and silver are very hard to get presently unlike paper currency. Nevertheless, what occur in gold and silver like *Zakah* and *Ribã* is also applicable in paper currency.

Muhammad Isa Talatan Mafara (5) mentioned that paper currency take the position gold and silver world wide. People accept this currency in transaction and if you have this currency people will called you rich or wealthy man and if you do not have them people will call you poor man. Imam Mãlik said "if people used animal skin as currency for transaction no problems"thus, what occur in gold and silver such as *Zakah* and *Ribã* is also applicable to paper currency.

Sharif Ibrahim Sale (6) was on the opinion that gold and silver are the original money but now are very difficult to get due to one problem or the other. Nevertheless, if to say people must use gold and silver in their transactions, one should think of increasing poverty among the people due to scarcity of gold and silver.

Allah intends every facility for you... (Q2:185).

Therefore, paper money take the status of gold and silver even thought they are not the real gold and silver but the represent them in transaction all over the world, people used their currencies instead of the gold and silver and they accept them as money. Based on this, what occur in gold and silver is also applicable to paper money such as *Zakah* and *Ribã*.

Ahmad Ibrahim Muhammad (7) discuss that what occur on gold and silver is also applicable in paper currency due to the following reasons. Gold and silver are very difficult to get presently, may be due to their shortage in transaction. But paper currencies take their value through estimate k*imã* all over the world. This will enable People to understand how much will they paid for Bloodmoney, dowry and alms given with paper currency. Therefore, Allah in His wisdom made gold and silver currency to be unchangeable, unlike paper currency that are use to change. The *Nũsus* of *sharĩ'ah* talk only on gold and silver currency, but not on paper currency. However, Majority of scholars agreed that through estimate *kimã* paper currency take the position of gold and silver in transaction, more so, it is compulsory on what occur in gold and silver to be applicable in paper currency such as *Zakah* and *Ribã*.

According to Abdulhamid Muhammad(8) gold and silver is the original currency world wide, but are very hard to get presently may be due to scarcity of them, now paper currency take the status of gold and silver all over the world, people used paper currency as money and accept them. More so, what occur on gold and silver currency can also occur in paper currency such as *Zakah* and *Ribã*.

Usman Baban Tune (9) mentioned that paper currency is not the original money but are representative *wakilci* of gold and silver currency all over the word. For example some one else can represent the husband as *wakil* during marriage ceremony; those it mean the marriage is not valid? The marriage is valid. Therefore, what happens to gold and silver currency is also applicable to paper currency such as *Zakah* and *Ribã*.

Harun Muhammad (10) viewed that, people accept paper currency all over the world as money. Therefore, paper currency stands the representation of gold and silver. For example, Allah (SWT) made sand ablution *Tayammum* to represents ablution in the absences of water. He said:

> And ye find no water, and then take your self's clean sand... (Q5:7)

If you pray with sand ablution, is the prayer valid? Yes.

Nonetheless, things that spoils ablution also spoils sand ablution. With this analogy *Qiyãs* what occurs to gold and silver, is also applicable to paper currency such as *Zakah* and *Ribã*.

Abdul-Jabbar Nasir Kabara (11) comment that, paper currency does not have *Ribã* in itself, but when it is set out for transaction between the parties, that is where *Ribã* comes in paper currency. For example you borrow five thousand naira (N5000) from Mr. (A) on condition that after thirty days, you will bring the money with addition of five hundred naira (N500) making the money to be five thousand five hundred (N5,500). Moreover, the five hundred (N500) naira added to him is *Ribã*.

Sha'ibu Abdullah Adam (12) viewed that *Ribã* flow in paper currency, because people use them in daily transactions, such as payment for Dowry, pilgrimage and many forms of *Ibãdat*. Those scholars that viewed *Ribã* do not occur in paper currency are posing hinder to pillars of Islam.

Muhammad Ibrahim Jalo (13) remarked that it should be put into consideration, what gold and silver currency used to buy during the life of the Prophet (P.B.U.H) like camel, farm and house; paper currency will also buy the same articles presently. Nonetheless,

with this analogy *Qiyãs*, paper currency takes the status of gold and silver all over the world and therefore, *Zakah* and *Riba* are applicable to paper currency. However, those scholars that argue *Ribã* do not occur in paper currency, are trying to scattered the pillars of Islam, because even farmers can not give out *Zakah* because the *Hãdith* did not mention the food items that we are using presently like rice, maize, beans and millet.

Salih Abubakar (14) maintained that, in reality what the *Ulamã'a* viewed is, anything that represents another one takes its status, therefore, the verdict of gold and silver currency is the same with the paper currency. These are the regulations of *Usulliyun* which all the *Ulamã'a* accepted world wide. Based on this verdict, it is not proper to challenge what the *Ulamã'a* takes a consensus decisions on. It is clear that everything that occurs in gold and silver currency is also applicable to paper currency. Therefore, *Zakah* and *Ribã* flow on paper currency.

Abdulqadir Jelani (15) pointed that, Gold and silver currency are different from paper currency, even though, paper currency takes their statue of gold and silver, but *Ribã* occur in paper currency, especially on transaction between the parties. For

examples, during *Edul-fiir* people used to change new money with old ones, such as in every new one thousand naira (N1000) they will add one hundred naira, now if he receives two thousand naira he will add two hundred naira (N200). This is exactly *Ribã*.

Tahir Usman Bauchi (16) opined that gold and silver are the original money, but are very scarce now a day, if to say people must use gold and silver in transaction there going to be serious problem that will affect many forms of *Ibãdat* Allah says

> He has chosen you, and has imposed no difficulties on you in religion (Q22:78)

Further more, currency are commonly used all over the world. People accept them as money. Therefore; paper money takes the position of gold and silver. What occurs in gold and silver is also applicable to paper money such as *Ribã* and *Zakah*.

Ahmad Bin Muhammad Bello (17) stated that the majority of Muslim scholar's maintain that *Ribã* occurs in paper currency because it takes the status of gold and silver in transaction all over the world. Another reason is gold and silver are difficult to get, going by this reasons, what occur in gold and silver currency is also applicable in paper currency like *Zakah* and *Ribã*

Sa'idu Maqari (18) explained that using paper currency is

just like dealing with wealth it self, its verdict is like the verdict of two metals that is gold and silver. People accept them as money world wide; people fell happy with such currency. More so, for this reasons, *Zakah* and *Ribã* flow in paper currency as it occur in gold and silver.

Looking views of scholars, one will understand that *Ribã* occurs in paper currency especially on the exchange of currency. This is because; paper currency takes the status of gold and silver as *Tayammum* takes the status of ablution. What occurs on gold and silver can also occur in paper currency, this is the condition of *Usulliyun.* It is also noted that, what gold and silver currency buy, paper currency also buy the same thing. People used it in various forms of *Ibãdat*, such as paying for *Hajj*, dowry, feeding the needier etc. Thus, the scholars held the views that, *Ribã* does not flow on paper money are just destroying pillars of Islam.

How ever, only Mal Ahmad Abubakar Mahmud Gumi has contrary opinion that animal and *mal*, both the two are wealth *Zakah* is due obligation in both, but *Ribã* is not applicable in paper currency.

Q.2 In Nigeria, banks give loan with interest to borrower. And what is the position of Islam on interest?

Ahmad Abubakar Mahmud Gumi (opcit) stated that Banks in Nigeria are for commercial purpose. Bank note does not increase itself except through assets which the bank acquired. More so, bank takes its asset for business and what ever profit banks realized share it among its share holders. For example Malam Shehu bought one hundred cars from Malam Lawal, who is well-known dealer on different types of vehicle; he takes one out of hundred and leaves the remaining ones for Malam Lawal to continue with business on condition that after he sale them, they will share the profit together. After some time, a year or after, Malam Lawal brought three million naira profit to Malam Shehu. Now, will Malam Shehu receive that money as profit or he will regard it as *Ribã*? He will receive it as profit. This is what banks are practicing in Nigeria. Therefore, banks give wages not *Ribã*.

Ahmad Muhammad Sunusi Gumbi (opcit) opined that banks in Nigeria are not established in accordance with the Islamic *Sharĩ'ah* i.e. company *Mudãrabah* or Partnership *Mushãraka*, but were established by Jewish in most parts of the world. He added that, looking into the banking system in Nigeria, one need to know the status of the following:

1. Any loan that has interest is forbidden by Islamic *Sharī'ah.*
2. What are the goods that bank sell? Are they lawful? Does Islam accept it or not?
3. In saving or fixed deposit, there are ambiguities, because, it looks like saving without using the money. While in Islam any thing that is saved, one has no right to used it except with permission.
4. There is unknown wages *ijarah majhulah* on the banks in Nigeria.
5. In Nigeria different people save money in bank, whether lawfully or unlawfully. Some people sell intoxicants, pigs and dogs to get money, while some are highway robbers. Others are doing prostitution to get money. In these cases, banks will gather all the money for business and share the dividend among the shareholders. The question here is. Can bank legalize what Allah has forbidden for the Muslims?

Yahaya Tanko (opcit) was of the opinion that banks in Nigeria are not keeping money as Islam has explained, that is *Wadī'ah.* In Islam, if a Muslim brother gives you money for safe keeping you have no right to used it, on like our conventional banks in Nigeria. More so, any loan that carries interest is forbidden by Islamic law, therefore, Muslim in Nigeria should avert Allah law.

Sani Rijiyan lemu (opcit) mentioned that conventional banks in Nigeria are not keeping money as Islam explains. For example when a man gives money to trust worthy muslin to keep for him, no one has the right to use the money except with permission. But in our conventional banks in Nigeria it changes from safekeeping to debt according. Thus, when you keep money in the bank, definitely bank will use the money in business without seeking permission from the owner. Even thought, scholars agreed that *Al-Mã'arufu-Urfan, Kal-Masharut- Shurtan* "any thing that is well practice in the society is like the society accept it" therefore, No Permissions is implicit. Secondly whenever arm robbers attack the bank and go with millions of naira who is responsible to pay depositors? Bank! More so, any loan that carries interest from individual or bank is *Harãm.* Allah says:

> O ye who believe! Devour not usury, Doubled and multiplied... (Q3:130)

People should understand that any delay you made in paying loan, bank will increase the interest.

Muhammad Isa Talatan Mafara (opcit) observed that in Nigeria banks are not in line with Islamic *sharĩ'ah*, but necessity makes Muslim used banks for safe keeping. Therefore, money

gained from bank interest is forbidden. Moreover, banks in Nigeria give loans to every one e.g. Man that use to sell intoxicants thing or buy dogs and sell them in a high price. Is this lawful for muslin to combining his money with?

Sharif Ibrahim Sale (opcit) up held that in Nigeria banking system is not in line with Islamic law. They gave loan with interest which is forbidden totally. The Prophet (P.B.U.H) said:

> Avoid seven destructive sins. It was asked: O messenger of Allah (P.B.U.H) what are they? He answered "Associating Allah with partner, to practice sorcery, to kill soul which Allah has forbidden except with the right of Islam to eat up usury (Riba), to eat up property of an orphan, to give one's pack to the enemy freeing from the battle field while fighting with enemy and to accuse chaste woman who never thought of anything touching chastity and are good believers Al-Jazã'iri (2007: 258)

Islam forbids Muslim from eating *Ribã*. Therefore, in another narration the Prophet (P.B.U.H) said:

> Gold for Gold, Silver for Silver, Wheat for Wheat, barley for barley, date for date, Salt for Salt and like for like in hand to hand (transaction). Whosoever gives more or takes more than the taker and the giver is equal in taking (Riba) therein. Nasif.M.A (1986:213)

Muslims should absent themselves from dealing with *Ribã* in any form, here in this world, so that they will benefit in the here after. Therefore, looking into the situation in Nigeria especially in security, Muslims may use bank for safe keeping.

Ahmad Ibrahim Muhammad (opcit) viewed that any loan that

carries interest is forbidden by Islam. Moreover, there is no disagreement among the scholars on this issue. Even the *Fuqãha* call it *Ribã al-Fadl* means increases in loan from the bank to the loaner. Perhaps the Prophet (P.B.U.H.) explains that:

> All of my Ummah will enter the paradise except the person who rejects. it was said: who will reject, O messenger of Allah? He said "Anybody who follows me will enter the paradise and anybody who disobeys me has rejected (Bukhari in An-nasiha: 13)

Any Muslim who deals with interest or supports it, specifically opposes what has been reported from Allah and His messenger (P.B.U.H.) and it is disobedience to Allah and His messenger.

Abdulhamid Muhammad (opcit) described that banks in Nigeria give loan with interest and scholars agreed that any thing that is added to loan is *Ribã* no matter how little or large it is. Muslims in Nigeria have to follow laws from Allah and His messenger and by so doing, Allah will make their condition better.

Usman Baban Tune (opcit) viewed that any loan that carries interest is forbidden by the *sharĩ'ah,* because in Nigeria banks give loan with interest to individual or companies and they do not care about lawfulness or unlawfulness. What banking in Nigeria is all about is interest. But necessity *Darurat* permits Muslims to take their money for safe keeping.

Harun Muhammad (opcit) explained that in Islam, one gives loan for the sake of Allah (SWT) without any increment, because any loan that carries interest is forbidden by the *Sharī'ah*. Allah (SWT) says

> O ye, who believe fear Allah and give up what remains of your demand for (Riba) if ye, are indeed believers. If ye do it not takes notice of war from Allah and His messenger... (Q2: 278-279).

One may realize the war, from Allah, against Western world in the recent economic crisis, which affects the world.

Abdul-Jabbar Nasir Kabara (opcit) stated that, Islam did not accept loan with interest because; Allah (SWT) and His Messenger had forbidden it. Individuals are warned against giving loan with interest, because it was forbidden by the *Sharī'ah*.

Sha'ibu Abdullah Adam (opcit) mentioned the following that one needs to observe before receiving bank loan in Nigeria.

1. If the borrower is unable to pay at fixed time, the bank will extend the time and add interest to him.
2. Banks in Nigeria do not take any risk. If the borrowers lose the money, he must pay the money. Nonetheless, it is contrary to the teachings of Islam.

According to Muhammad Ibrahim Jalo (opcit) all banks in

Nigeria, are contrary to the teaching of Islam, they are built on western orientation in most of the Muslim countries. Therefore, Muslims are not allowed to receive loan with interest, except in necessity.

Salihu Abubakar (opcit) explained that it is unlawful for a Muslim to give loan with interest or receiver loan with interest except in necessity *Darurãh.* For example a man has serious sickness and has no money for treatment or someone that could handle his treatment, in this case, it is better for him to receive the loan in order to save his life. However, it is a necessity based on principle of *ad-daruratu Tubihu al- Mahdhũrati*

Abdulqadir Jelani (opcit) observed that the system of Banking operation in Nigeria is contrary to *Sharĩ'ah*, but looking into the situation in Nigeria; people need to put their money in the banks for safe keeping .However, it is not lawful to receives loan with interest little or large.

Tahir Usman Bauchi (opcit) explained that loan that carries interest from individual or bank is *haram* according to the *sharĩ'ah.* Allah says:

> Surely I explain to you in detail what is forbidden to you, except under compulsion of necessity..." (Q6:119)

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Muslim in Nigeria should understand that, banks in Nigeria deal with interest which was forbidden by *sharĩ'ah* but necessity *Ad-daruratu Tubihu al- Mahadhurat* makes Muslim in Nigeria to transact with the bank, by so doing they will protect their life and property. But if any Muslim in Nigeria rejects bank for safe keeping he will destroy himself.

Ahmad Bin Muhammad Bello (opcit) mentioned that any loan that carries interest is not allowed by the *sharĩ'ah*, be it from bank or individual, especially if there is increase on it, even though some scholars viewed except on necessity *darurat*. Therefore, Muslims are free to keep their money in the bank.

Maqari Sa'idu (opcit) observed that banks in Nigeria are for commercial purposes, they give loan to companies after a year or more the profit the company gain will be shared with the share holders including the bank because company has labor and the bank has capital. Putting this into cognitions one may understand that banks give wages not interest or *Ribã*.

Based on the above discussion, all the scholars have agreed that, it is not permissible for Muslim to receive loan from banks or individuals with interest, except on necessity. They also viewed that

Bank interests are not wages but *Ribã*, except Mal Ahmad Abubakar Mahmud Gumi and Mal Maqqari Sa'idu which share the same viewed, that bank does not give interest but wages.

Q.3 In Nigeria, people that operate saving or fixed deposit accounts are giving interest. What is the position of Islam on the legitimacy of receiving the interest?

Ahmad Muhammad Sunusi Gumbi (opcit) stated that money gained through interest is forbidden by *Sharĩ'ah* and it is not permissible for the Muslim to leave the money in the bank, but he can give it to needy or poor etc. or spend it on any public work.

Yahaya Tanko (opcit) upheld the opinion that any amount gained from interest, the money should not be used by the depositor or some one he provide for. Rather he should fear Allah (SWT) and spend it for public interest because he did not know the owner of the money. Thus, if he fears Allah (SWT) and do public work Allah will reward him. He said:

> And for such as had entertained the fear of standing before their lord's (tribunal) and had restrained their Soul from lower desires their abode will be the garden, (Q:79:4)

Sani Rijiyan Lemu (opcit) maintained that interest gained from the bank or individual is unlawful because the noble Prophet (P.B.U.H) said:

> A time shall come upon the people; no one will remain except that he consumed Riba and the one who will not consume it will be touched by its dust Ibn Majah (1956p765) weak hadith

In another narration the Prophet (P.B.U.H)

> Whosoever gives more or takes more than the taker and the giver equals taking usury (Riba) therein Abu-Aziz (2002p409)

In this case, Muslim is not permitted to take or give interest and he should not leave the money gained to the bank rather the money should be used for public interest.

Muhammad Isa Talatan Mafara (opcit) buttressed that money gained from bank interest should be used as the scholar explained, either to build school, hospital or feed the needier or poor.

Sharif Ibrahim Sale (opcit) explained that money gained from bank interest is not permissible for the Muslim to use it due to the saying of the noble Prophet (P.B.U.H) in a long hadith:

> I came across a people in the night in which I was taken to the heaven. Their bellies are like houses wherein there are serpents which can be seen from outside their bellies, I asked: O Gabriel! Who are they? He said: These are those who devoured usury… Fazlu-Karim (1938p226)

Therefore, whosoever takes *Ribã* or gives it, both the two are equal in taking *Ribã*. More so, Muslim should spend the money gained from bank in build schools and hospital.

Ahmad Ibrahim Muhammad (opcit) up held that interest

gained from bank should not be left to the bank, because it will become a weapon against Muslims. Rather, should receive the money and spend it in public interest or any good deed.

Abdulhamid Muhammad (opcit) stated that money gained from bank interest is not lawful for Muslim to use it and he should not leave it to the bank as it May become a weapon against Muslims especially with the situation in Nigeria. More so, one need to understand what Allah and His Prophet say about *Ribã*.

Usman Baban Tune (opcit) mentioned that money gain from interest is not allowed for the Muslims to use for him self or some one he provide for, rather he should use it for public interest.

Harun Muhammad (opcit) viewed that, it is not lawful to receive money gained through interest, and is not permissible for the Muslim to use it for himself or his family. Rather, he should spend it in hospitals, schools, or for people to benefit.

Abdul-Jabbar Nasir Kabara (opcit) explained that, any thing that *Sharĩ'ah* forbids, one needs to reject it totally in life, An-Nawawi (nd p62) explains that, the Prophet (P.B.U.H) said:

> A man on journey, his food is unlawful, his drink and clothing are on unlawful. How could Allah accept his prayer?

Therefore, it is good for the Muslims, to avoid what is forbidden in the religion of Islam.

Salihu Abubakar (opcit) observed that, the verdict of *Ulamã'a* on bank interest is *Harãm* and Muslims should not leave the interest gained to the bank, because it will become a weapon against Islam and the Muslim. A Muslim should not spend it on his family, but he must spend it for the public interest, such as building Schools, hospitals, feeding orphanage homes, neediest

Tahir Usman Bauchi (opcit) pointed that; Muslim should not leave the money gained from interest to the bank, because it will become a weapon against the Muslim in Nigeria. Rather the money should be spent on any good deed such as feeding the needier.

Looking into these discussions, Muslims have to be very careful about their religion, because An-Nawawi (1991p62) explains that, Annu'man reported that Prophet (P.B.U.H) said:

> What is lawful is clear and also unlawful is clear while between the two there are ambiguous matters which are unknown to most of mankind....

Therefore, people must obey the law and order from Allah (SWT) and His Messenger (P.B.U.H) for their benefit here and here after.

.4 What is the solution for the Muslims in Nigeria to the bank interest?

According to Ahmad Muhammad Sunusi Gumbi (opcit) it is necessary for the Muslims in Nigeria to establish interest-free banks that will operate in accordance with Islamic *Sharĩ'ah*. This will solve the problem of *Ribã* in the modern banks in Nigeria.

Yahaya Tanko (opcit) mentioned that it is advisable for every Muslims in Nigeria male and female to help in the establish interest free bank in Nigeria so as to avert Allah's punishment here and here after based on the saying of the Prophet (P.B.U.H) that :

> A time will certainly come over people when none will remain who will not devour If he does not devour its vapor will over take him. ibn Majah (1956p765)weak hadith

Sani Rijiyan Lemu (opcit) observed that it is obligatory on every Muslim to work toward the establishment of Islamic banking in Nigeria so as to avoid cases of *Ribã* in our conventional banks.

Muhammad Isa Talatan Mafara (opcit) stated that Muslims in Nigeria should come together and find solution to this problem of *Ribã* in our conventional banks by establishing an Islamic bank that would do away with any form of interest in its transactions.

Sharif Ibrahim Sale (opcit) posited that to protect Muslims from cases of *Ribã* in Nigeria, it becomes necessary for every Muslim in Nigeria to come together and establish interest free bank so as to avoid cases of interest.

Ahmad Ibrahim Muhammad (opcit) stated that Muslim in Nigeria should understand that the case of *Ribã* in our conventional banks is very serious and people do not understand the effects of *Ribã*. Moreover, it is necessary for Muslims in Nigeria to come together and establish interest-free banks to avoid any form of *Ribã*.

Usman Baban Tune (opcit) pointed that Muslims in Nigeria should find solution for interest in banking system in Nigeria, so as to establish interest-free banks in order to due away with *Ribã*.

Harun Muhammad (opcit) viewed that it is compulsory for the Muslims in Nigeria to establish bank that have no interest in its transactions, as Abubakar Jabir al-Jãzã'iri explains in his book *Minhãj Muslim*. This will give an alternative for Muslims in Nigeria to protect them from any form of *Riba*.

Sha'ibu Abdullah Adam (opcit) up held that scholars have to encourage Muslims in Nigeria, male and female to establish interest-free banks that follow the principles of Islam in transaction; these will protect Muslims from any form of *Riba* in bank.

Muhammad Ibrahim Jalo (opcit) opined that it is an obligation for the Muslims in Nigeria, to come together and join hands to establish banks, which will operate in accordance with

Islamic *Sharĩ'ah*. This is the only alternative to these problems.

Salihu Abubakar (opcit) remarked that the problem of interest in conventional banks in Nigeria has made it necessary for the Muslims to establish banks with Islamic regulations. This will solve the problem of *Ribã* to Muslim in Nigeria.

Tahir Usman Bauchi (opcit) explained that Muslim in Nigeria should establish interest-free bank that will solve the problem of *Ribã* in our conversional banking in Nigeria.

Q.5 Beside gold and silver, there are many mineral resources such as copper, brass, coal and petroleum. Does usury occur in them?

Ahmad Abubakar Mahmud Gumi (opcit) commented that minerals like coal, petroleum and copper are wealth like gold and silver and the effective cause, *illah,* of gold and silver is a condition *shart.* This made them to be exceptional from other minerals, based on this, *Ribã* does not occur in other minerals such as petroleum.

Ahmad Muhammad Sunusi Gumbi (opcit) stated that, there are many food items, such as maize, corn, rice etc and on the other hand, there are mineral resources like white metal, black iron and petroleum. *Ribã* occurs in them, because they are wealth like gold and silver. For example Mr. (A) has two gallons of Nigerian

petroleum, he want to exchange with Mr. (B) that has Saudi petroleum. On condition for every one gallon of Nigerian petroleum he will receive two gallons of Saudi petroleum. In this case the increment is usury.

Yahaya Tanko (opcit) was of the opinion that *Ribã,* occurs in other minerals like copper, brass, and coal because they are wealth like gold and silver. Therefore what occurs in gold and silver is also applicable to other minerals.

Sani Rijiyan Lemu (opcit) remarked that looking into the *Hãdith* of the noble Prophet (P.B.U.H) which said:

> Gold for gold is Riba unless in hand to hand, silver for silver is Riba unless hand to hand, wheat for wheat is Riba unless hand to hand, barley for barley is Riba unless hand to hand, date for date is Riba unless hand in hand, slat for slat is Riba unless hand in hand, Al-Maqdisy (nd. p79)

By using analogy, *Qiyas* i will categorize the items into three; gold, silver and salt are minerals resource. Also wheat and barley are food commodities and date is fruit .Now other minerals like copper, coal, iron and petroleum are wealth as gold and silver. Therefore, what occur in gold and silver is also applicable to other minerals.

Muhammad Isa Talatan Mafara (opcit) was of the viewed that other mineral resources, such as petroleum; iron and coal are wealth like gold and silver. The fact of this matter is during the life of the

Prophet (P.B.U.H) other mineral resources are in existence but people at that time are not using them. But now with modern technology many minerals resources are found and people use them as wealth, even thought; most Governments in various countries of the world used such minerals as back borne of their economy. Thus, what occurs in gold and silver can also occur in other minerals.

Sharif Ibrahim Sale (opcit) explained that other mineral resources such as petroleum; iron and coal are merchandise and they did not have condition as gold and silver. Therefore, *Ribã* do not occur in the other mineral resources besides gold and silver.

Ahmad Ibrahim Muhammad (opcit) explained that gold and silver have *Nalis* direct from the Prophet (P.B.U.H) He said:

> Gold for gold is (Riba) unless in hand to hand Silver for silver is (Riba) unless hand to hand Fazlur-karim (138p222).

This tradition made gold and silver to be exceptional from other minerals like petroleum and iron. However, *Ribã* does not occur on them because the do not have any condition like gold and silver.

Abdulhamid Muhammad (opcit) pointed that as for other mineral resources like petroleum; in fact he did not know the verdicts of Muslim scholars on it. Therefore, he will not say any thing on the issued.

Therefore, *Ribã* occurs on them especially if one wants to exchange the same mineral such as copper with its type should be hand to hand and any increment is forbidden by the *Shari' ah.*

Sha'ibu Abdullah Adam (opcit) explained that, *Ribã* occurs in other mineral beside gold and silver, because the *Hãdith* said wheat for wheat, date for date, salt for salt, gold for gold, without delay, Adam further explained that, gold is mineral like copper and they are wealth. Wheat and barley are food items like corn or rice. Therefore, *Ribã* flows in other minerals like coal, and brass.

Muhammad Ibrahim Jalo (opcit) viewed that; scholars that accepted analogy *Qiyãs* agreed that, effective cause *illah* of *Ribã* in gold and silver is condition. That is what made them exceptional from other mineral like brass and petroleum. Therefore, *Ribã* does not occur in petroleum, coal and copper.

Salihu Abubakar(14) maintained that, substance that are formed naturally on the earth such as copper and brass are different from gold and silver, because gold and silver have condition *shart* which made them to be exceptional from other mineral, like petroleum is merchandise and should follow the rules governing business.

Some Muslim scholars in Northern Nigerian support *Ribã* occurring in other minerals like petroleum, copper and coal. This are the viewers of Mal Ahmad Muhammad Sunusi Gumbi, Mal Sani Rijiyan Lemu, Mal Yahaya Tanko, Mal Abdul-Jabbar Nasir Kabara, Mal. Harun Muhammad,Mal Isa Taltan Mafara, and Mal. Sha'ibu Abdullah Adam

However, scholars that oppose *Riba* did not occur on other minerals resources like copper, brass and petroleum. Mal Ahmad Abubakar Mahmud Gumi, Mal. Salihu Abubakar, Mal. Ibrahim Muhammad Jalo Mal. Sharif Ibrahim Sale, Ahmad Ibrahim Muhammad and Mal Usman Baban Tune. They viewed that gold and silver are exceptional and have condition *shart*. Thus, what occurs on gold and silver is not applicable to other mineral. Also mal. Abdulhamid have known idea on this matter

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CHAPTER FIVE:

SUMMARY, FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary.

The study began with the background of the study, descriptions of the statement of the problem, objectives, significance of the study and research questions for the study.

Review of related literature was done, and built around the concept of usury, history of *Ribã* and its categories in Islam, prohibition of *Ribã* in the glorious Qur'an and *Sunnah* of the noble Prophet (P.B.U.H). Reasons for prohibition of *Ribã*, Harmful effect of *Ribã*, the concept of money, Nature of paper money, *Zakah* and *Ribã* in modern currency, conventional banking system, *Ribã* in conventional banking system, Ruling in dealing with conventional banking system, Argument for and against conventional banking system and Interest-free banking system.

The researcher collected the views of selected Muslim scholars in Northern Nigerian. The views collected were *Ribã* occurs in paper currency especially in the exchange of currency. Because; paper currency takes the status of gold and silver as

Tayammum takes the status of ablution. What occurs in gold and silver can also occur in paper currency such as *Zakah* and *Ribã*. Only Mal Ahmad Abubakar Mahmud Gumi has contrary opinion that animal and paper money *mal* both are wealth *Zakah* is due obligation in both, but *Ribã* is not applicable in paper currency. And the position of Islam on bank loan that carry interest. And the position of Islam on the interest gain from the savings or fixed deposit accounts. Equally sampled on whether it is legitimate or illegitimate for the depositor to use gain interest or to spend it in Public interest. The responses were all the scholars agreed that, it is not permissible for Muslim to spend gain interest for him self or some he Provide for rather he should spend it to public interest.

Some Muslim scholars in Northern Nigerian support *Ribã* occurring in other minerals like petroleum, copper and coal. This were the viewers of Mal Ahmad Muhammad Sunusi Gumbi, Mal Sani Rijiyan Lemu, Mal Yahaya Tanko, Mal Abdul-Jabbar Nasir Kabara, Mal. Harun Muhammad, Mal Isa Taltan Mafara, and Mal. Sha'ibu Abdullah Adam

However, scholars that oppose *Ribã* do not occur in other minerals resources like copper, brass and petroleum. Mal Ahmad

Abubakar Mahmud Gumi, Mal. Salihu Abubakar, Mal. Ibrahim Muhammad Jalo Mal. Sharif Ibrahim Sale, Mal. Ahmad Ibrahim Muhammad and Mal Usman Baban Tune. They viewed that gold and silver are exceptional and have condition *shart*. Thus, what occurs in gold and silver is not applicable to other mineral, Also Mal. Abdulhamid have known idea on this matte

5.2 FINDINGS

1. It was confirmed that the concept of *Ribã* has been clearly defined by the Muslims scholars' word wide.
2. It was realised that what occurs in gold and silver currencies is also applicable to paper currencies such as *Zakah* and *Ribã*, etc
3. It was also noted that any loan collected from Bank or individual that carries interest *Ribã* is forbidden by *Sharĩ'ah*
4. It was found out that money gained through interest is forbidden by *Sharĩ'ah*
5. It is also not advisable for Muslims to leave their gained interest in the Bank, because the money may become a weapon against Muslim.
6. It is also not advisable for Muslim, to spend the money gained from the interest on him self, or any one he provides for, rather, the

money should be spent on public interest such, building schools, hospitals, feeding the poor and clothing them etc.

7. The research revealed that, it is advisable for the Muslims to deposit their money in any of the conventional Bank for safe keeping.
8. The Muslim scholars employed in the study and have agreed that, Muslims should come together and work on how Islamic banks can be established in Nigeria to avoid the cases of interest *Ribã*

5:3 Conclusions

In conclusion, usury has been practiced before the advent of Islam by the Arabs of that time and after coming of Islam Allah (SWT) has for bided usury as indicated in the Glorious Qur'an

Islam seriously warns against eating usury *Ribã*, but presently, according to some scholars banks in Nigeria practice loan with interest, which was similar to Arabs of *Jãhiliyyah*

5.4 Recommendations

In view of the general findings derived from the study, the following recommendations are therefore made:

1. Muslims should abstain from dealing with usury, receiving or giving it in any form, in order to avert Allah's punishment.
2. Muslims in Nigeria should come together to establish Islamic banks,

so as to avoid usury.

3. Scholars and other Islamic organization should commit themselves in writing books such as *Zakah* and *Ribã* in papery money and *Ribã* in conventional banks.
4. The Government should establish an interest-free system of economy, whereby capital generates one of the two, profit or loss. By so doing it will contributes to the liberation of our society from the legal and economic impacts of colonialism.
5. Muslim all over the world should encourage the establishment of these bank all over the Muslim world and where ever Muslim are so that these bank would be a strong net work that would pave the way for a comprehensive Islamic economic system.

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LIST OF THE INFORMAT

1) Ahmad Abubakar Mahmud Gumi.
Date:10th October 2009
Place of the interview: Kaduna
Time: 11:00 to 12:00
Qualification: Med

2) Ahmad Muhammad Sunusi Gumbi
Date: 16 th May, 2009
Place of the interview: behind sultan Bello mosques Kaduna
Time: 11:00 to 12:00

3) Yahaya Tanko
Date: 18th Jan 2010
Place of the interview: Shari'ah commission Kano
Time: 12:00 to 12:30
Qualification: Med Islamic studies

4) Sani Rijiyan lemu
Date: 30th January 2010
Place of the interview: Gadon kaya kano
Time: 11:30 to12:00pm
Qualification: PhD

5) Muhammad Isa Talatan Mafara
Date: 27 February 2010
Place of the interview: Zaria
Time: 11:30 to12:00pm

6) Sharif Ibrahim Sale
Date: 6th march 2010
Place of the interview: Maiduguri
Time: 10:45 to 11:0

7) Ahmad Ibrahim Muhammad
Date: 19th March 2010
Place of the interview: Dar al-Hadith kano
Time: 12:30 to12:40pm
Qualification: PhD

8) Abdulhamid Muhammad
Date: 25th march 2010
Place of the interview –Sabon Garin Zaria
Time: 1:30 to1:45pm

9) Usman Baban Tune
Date: 11 APRIL2010
Place of the interview –Zaria
Time: 10:00 to 11: 30pm

10) Harun Muhammad.
Date: 24th August 2009
Place of the interview:Ni'ima Juma'a mosque kofan-Doka, Zaria
Time: 10:00 to11:00am
Qualification: BA (Arabic)

11) Abdul-Jabbar Nasir Kabar
Date: 23th August 2009.Place of theinterview: Zawiyan Sheik Abdullah Gwale, Kano State
Time: 2:00 to2:30pm

12) Sha'ibu Abdullah Adam
Date: 9th September 2009
Place of the interview: Kofar-Fada keefi Nasarawa State
Time: 2:00 to3:00a m
Qualification: BA (Arabic)

13) Muhammad Ibrahim Jalo
Date: 16th June 2009
Place of the interview: Jalingo Taraba state
Time: 9:30to 10:15am
Qualification: PhD

14) Salihu Abubakar
Date: 7th September 2009
Place of the interview:Ahmadu Bello University Samaru, Zaria
Time: 11:30 to 12:30
Qualification: Phd

15) Abdulqadir Jelani
Date: 27th July 2009
Place of the interview: Sabon Layi Gusau Zamfara state Nigeria
Time: 12:00 to 12:300pm

16) Tahiru Usman Bauchi
Date: 10th February 2010
Place of the interview: Samaru, Zaria
Time: 3:30 to 4:00

17) Ahmad Bin Muhammad Bello
Date: 27th march 2010
Place of the interview –Zaria
Time: 5:00 to 5: 30pm

18) Maqqari, Sa'idu.
Date: 27th February 2010
Place of the interview –Zaria city
Time: 5:00 to 5: 30pm
Qualification: BA (Arabic)