

FATAWA ISLAMIC BANKING 2004

Islamic Banks and non-Islamic Banks

SUBJECT: Difference between Islamic and non-Islamic Banks

From: Islam on line

Sent: Tuesday, June 22, 2004 7:12 AM

Name of Questioner NOOHU Gender Male Age 60-46

Education Graduate

country of Origin India country of Residence India

Question

WHAT IS THE DIFFERENCE BETWEEN ISLAMIC BANK AND OTHER BANKS ESPECIALLY IN GULF COUNTRIES (ISLAMIC COUNTRIES) IS IT ALLOWED TO WORK WITH OTHER THAN ISLAMIC BANKS.

Jazakum Allahu Khairan for your constant help

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Nouha

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Essentially, while both provide financing on the basis of getting return, conventional banks provide it on the basis of interest-based lending,; they get the largest chunk of their resources on the same basis as interest earning loans to the bank (called deposits). On the other hand Islamic banks provide financing on the basis of either deferred payment sale or leasing or capital sharing; they get the bulk of their resources from profit/loss sharing deposits. The difference is not in the fact that they both earn from financing. In fact, this is the similarity that the Qur'an did not deny when the Unbelievers of Makkah mentioned it (2: 279). Many people wrongly think that Islamic financing must be either free or only on the basis of sharing capital .

On the other hand, it is permissible to work in a conventional bank provided you do not write/ fill in any interest-based transaction or sign it on behalf of the bank because such acts make the actor fall directly under the curse of God as we are told by the Prophet Muhammad, pbuh .

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Trading Stocks of Islamic Banks

SUBJECT: Buying stocks of Islamic banks

From: haneef

Sent: Sunday, September 26, 2004 1:02 PM

Assalam O Alikum,

Firstly, thank you ever so much for getting back to me with my previous question regarding, Working in Banks.

Could you, be so kind as to answer my following question?

The first Islamic Bank of Britain, will be offering its shares to buy in, October. I have read your article on, buying shares from Islamic Banks.

From, what I have read it would seem that purchasing such a share is totally valid and in compliance with the Islamic Shari'ah. Could you, please confirm whether my understanding is correct?

Thank you, so much Sir for all your help. May Allah swt reward you for your efforts and your willingness to step into a field that has been taboo and controversial for so long. At least, now we have a figure who can tell us what is in compliance with Islam and what is not. Actually, I myself am in my 2nd year of Law. I am hoping to do a Masters in Islamic Banking Law or Comparative commercial law in 2006, InShaAllah if you are not too busy? Then if you could advice me on anything I should do or watch out for? It will be most appreciated but, only if you are not too busy, Sir.

Kind Regards,

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Haneef,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Yes certainly, your understanding is correct. It is permissible to buy stocks in the new Islamic bank, rather it is better that you and other Muslims do and give it the support it needs.

It is great to hear that you want to study Islamic financial law. I quickly suggest that you need a strong background in Arabic, Usul al Fiqh and Fiqh axioms. I suggest that you take a year or two to do that before you go to any Western school of law, including those that claim they teach Islamic law and Islamic banking!

Please write me if you think I can be of any help.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Depositing in Conventional Banks While there are Islamic Banks

SUBJECT: Depositing in conventional banks while there are Islamic banks

From: Islam on line

Sent: Wednesday, October 13, 2004 4:30 AM
Name of Questioner majid Gender Male Age 21-30
Education Graduate
country of Origin Kuwait country of Residence Pakistan
Question

I am living in Kuwait. I have opened an account in national bank of Kuwait. the account name is al-Jahara account. It is non interest bearing account. Every month the bank make a draw between account holders and give them cash prizes. I want to know if this cash is Halal. I have talked with scholars here some says it's Halal others says it's Haram. They say this account doesn't give you interest and for the promotion they give you prizes. others say it's just like a prize bond so it's Haram. Could you please explain me what will be the case. May Allah guide us all to the right path. Amin
Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi
Ajma'in

Dear Br. Majid,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

The fact is that such prizes may be Halal or Haram depending on the way they are done! a prize announced once in a while for promotion that may give to certain accounts, in all categories: current and times, with no mention in the account agreement and no regularity that makes it a known tradition of the bank, is permissible and Halal to give and take. It is pure promotion and advertisement activity.

It such a prize is given only to a category of accounts that is otherwise given interest, mentioned in the agreement or announced to the public, with any kind of regularity that makes it a custom or tradition of the bank known to the depositors, it becomes Riba, hidden under the name of a prize but that does not change its ruling that is Haram to give and take. If you get it you should give it away to Muslim charity, do not leave it to the bank and being in Kuwait, you should also switch to an Islamic bank for your investment deposits.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Opening a Bank Account in a Non-Islamic Bank

From: Islam on line

Sent: Sunday, March 14, 2004 5:46 AM

Name of Questioner Tamer Gender Male Age 30-21

Education Graduate

country of Origin Egypt country of Residence Egypt

Question

Salamo Aleykoum I was wondering on the Islamic ruling of opening a bank account. Must it be in an Islamic bank or not? Also what type of account should I be looking to open? What about the interest I receive in my account (if any)...should I simply discard it or can I use it for personal use or should I spend it on more needy Muslim brothers? Thank you for your time.

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi
Ajma'in

Dear Br. Tamer

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

If you live in an area where an Islamic bank is accessible, you should use its facilities to open an account and other services unless it cost you much more than normally charged by other banks. Egypt has several Islamic banks and there seems no need to open an account with conventional banks in Egypt.

If you happen to have earned interest, such interest must be given to Muslim needy, preferably through Muslim charitable organizations. You cannot use it for any personal things including payment of taxes or even of interest you may have contracted with a Riba-based institution. The reason is that earned interest is not yours and the contract via which you earn interest is not valid from Shari'ah point of view. This means that it is still owned by the bank that gave it to you. But we do not leave it to the bank because it is interest-ridden (we then would be helping it doing more evil) we have to treat it as money that has no owner: give it to charity. You will be rewarded for keeping your own money and finance pure from the evil of Riba but it is not considered a Sadaqah.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

Islamic Banks Transactions

SUBJECT: Use of interest rate as a bunch-mark for mark up in Murabahah

From: Sayed Ameen [mailto:sayedmameen@hotmail.com]

Sent: Tuesday, October 12, 2004 6:28 AM

Name of Questioner Khalil Gender Male Age 21-30

Education Post Graduate

Country of Origin Morocco country of Residence France

Question

Assalamu `alaykum, Can a muslim work as an actuary in a non profit insurance company, although, interest rate are using during calculation of premiums? Jazakum Allah kheiran!

Jazakum Allahu Khairan for your constant help

My Answer

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi
Ajma'in

Dear Br. Khalil,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Yes, it is permissible to work as an actuary in a non-profit insurance entity. Is it a company or a cooperative? what do you mean by its being a non-profit?

Actuaries make studies and plans and propose policies, premiums and adjustments in practices, they do not make insurance contracts. It is prohibited to make an interest-based contract including typing and signing it even if it is done on behalf of an employer. If this non-profit invest its cash on interest basis, it is also prohibited for a Muslim to make these interest-based contracts.

What is prohibited in interest is to make any increment in debts / loans between persons/entities. It is not prohibited to use certain interest rate as a reference in calculation of any other thing. Islamic banks use the prevailing interest rate in determining the rate of mark up in the permissible Murabahah transaction; otherwise they will fail in a market that is dominated by interest-based banks!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: RE: Murabahah sale accounting of Islamic banks

From: Sadaqat

Sent: Saturday, June 26, 2004 12:54 AM

"I don't know of any Islamic bank that makes the record directly as you suggested in the second alternative because there is always a time sequence between the two steps. This is more obvious in import financing where the time gap between the two steps becomes wider".

Suppose, if there is no time gap and the purchase & sale contracts are signed same day i.e. Bank has completed the purchase transaction with seller and the same day customer also signed the sale agreement, so practically both the documents have been signed

In the above situation, is there still need to pass both "purchase of assets & sale - Murabahah receivables transactions separately

Or only for Murabahah receivable and direct payment to seller as under:

Dt. Murabahah Loan account (Sale Price) 21,000

Cr. PO issued/Check account 20,000

(for direct payment to supplier)

Cr. S.Cr . Deferred profit (liability a/c) 1000

Further, whether or not the following commitment transaction would be required in the above situation

debit; client Murabahah commitment 21000

credit Murabahah goods purchased 21000

I have the accounting standards of AAOIFI but it is silent on the above situation.

Really, I am feeling Islamic banking as more interesting as compared to conventional

Await your response

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi
Ajma'in

Dear Br. Sadaqat

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

We should notice that signing the two contracts time does not necessarily means that the second is put in effect at the same time. In retail financing of cars and probably many other consumers' durables, the two contracts are signed at the same time but the second one is effected after a phone call or a fax from the client that she/he received the good on behalf of the bank (in implementation of the first contract.(In house-purchase financing the two contracts are signed within minutes because delivery is only handing over of the key in the same sitting at closing. And the house is directly recorded in the name of the client to save on taxes and escrow fees .

I find no reason why the second approach should be rejected when there is no time lag between the two contracts. I think accounting must represent the reality on the ground and if the ownership of the bank took only a very short time, within the same day, you can skip it and use the second alternative as you suggested (although it remains neater to make the entries as I mentioned in my previous reply. If you use the second alternative you do not need a record of commitment and you will use receivables instead of Murabahah loans .

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

From: Sadaqat

Sent: Wednesday, June 23, 2004 7:05 AM

Issalam Alaikum

Hope, by the grace of all mighty Allah, you will be fine together with family

I had attended the course recently conducted by you in Dubai (06/06/04 to 09/06/04, and really enjoyed with you

I need clarification on the Murabahah transaction

1. Purchases of goods from supplier in order to re-sell the goods to its client.

After issuing LPO to the seller and receiving confirmation of sale to bank should we record the transaction to reflect the purchase

For payment to the supplier

DT.	Assets a/c Murabahah	20,000.00
CR	PO issued/Check account	20,000.00

The above is required as per Shari'ah or not

.2Execution of sale contract with customer

Dt.	Murabaha Loan account (Sale Price)	21,000
Cr.	Sales (Purchase of goods under Murabaha)	20,000
Cr.	S.Cr . Deferred profit (liability a/c)	1000

Profit amount declared and agreed by customer 1000 @ 5% p.a

OR OTHERWISE, CAN WE DIRECTLY RECORD THE SALE WITHOUT PASSING ENTRY FOR PURCHASE , AS UNDER:

Dr. Murabahah Loan account (Sale Price)	21,000
Cr. PO issued/Check account	20,000
for direct payment to supplier(
Cr. S.Cr . Deferred profit (liability a/c)	1000

What is allowed under Shari-ah and what is practice in the Islamic bank
Appreciate if you kindly spare few minutes from your precious time and response to the above

My Answer:

Bismi Allah al Rahman al Rahim
Al Hamdu li Allah Rabb al 'Alamin
wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi
Ajma'in

Dear Br. Sadaqat

Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

It is very nice to hear from you after the course. I personally also enjoyed being with this group of intelligent and concerned people.

I don't have the accounting standards of AAOIFI but I am planning to visit Bahrain soon and I will get the publication InShaAllah .

I therefore, can answer you according to the general standards that require the accounts to reflect the actual legal relations. step 1 and two are correct but along with step one an off-balance-sheet record is added to reflect the commitment of the client to buy these goods as follows :

debit; client Murabahah commitment	21000
credit Murabahah goods purchased	21000

Of course, this record is reversed once the price is charged to the client account in the second step .

The second difference is that in step 2 Islamic banks do not use the word "loans" they used instead "Murabahah receivable account."

Additionally, most Islamic banks split the account of deferred profit, in step 2 in two: one for current year and one for the next year .

I don't know of any Islamic bank that makes the record directly as you suggested in the second alternative because there is always a time sequence between the two steps. This is more obvious in import financing where the time gap between the two steps becomes wider.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Mutual funds and banking facilities

From: feisal

Sent: Wednesday, April 21, 2004 9:24 AM

Question

Assalamu alaikum Dr. Kahf. How are you? My name is Feisal Rahall and I am a friend of Tariq, who forwarded your address to me. I would like to ask you a couple of questions if you wouldn't mind. I recently came back from Hajj and I find myself

being extremely cautious regarding everything especially the matters of financing. I always hear of many different Fatwas concerning these situations. In the case of Mutual Funds, many scholars have deemed them acceptable. There are many Muslims who invest in these funds as a tax shelter to avoid paying higher taxes to the federal government. My question for you is it better to put the money in a straight RRSP fund that gives me a fixed interest rate, then I take the interest made and give it away to a charity?

Also, as I mentioned before, there are many Fatwas regarding such things as car loans and mortgages. Is it permissible for a Muslim to lease or take a loan out on a new vehicle even though he or she has the money to pay for it? I have heard it is okay as long as it is a fixed interest rate over a fixed term agreed upon by both parties. I would really appreciate any wisdom you could offer me on these specific questions. JazakALLAH Kheir for your time and may ALLAH (SWT) reward your contributions.

Feisal

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi

Ajma'in

Dear Br. Feisal

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

I am not aware about the many Fatwa that you mentioned.

-1 Mutual funds are treated the same way as stocks because what you buy in mutual funds is in fact units in a company that is managed by someone for given fees and its assets are the stocks it holds and trade. You cannot say that mutual funds are Halal or Haram without knowing the assets they hold. If the majority of these assets are Haram, holding units in the fund become Haram too. The OIC Fiqh Academy discussed the matter of stocks in one of its sessions and its resolution is as follows:

I- stocks of companies that deal only in Halal products and Halal transactions are permissible, example: stocks of Islamic banks or any company that does not deal in interest and other prohibited products or contracts;

-2 stocks of companies whose main business is prohibited are prohibited even if the company makes some permissible activities, example: conventional banks in spite of the fact that many of them give charities and spend on community services that are certainly Halal. These stocks are Haram to buy, hold and sell because by holding them you become partner and the actions of the management is done in your name and on your behalf, as if you did them.

-3 stocks of companies whose main line of business is permissible, like computer or furniture production but they deal with certain prohibitions such as getting interest-based loans or depositing on funds on interest or having a small subsidiary that does that. The principle is that these companies are also Haram because a little or peripheral Haram is as forbidden as a lot of it.

Here, a group of scholars dissents. They argue that at this time and under the world circumstance such a prohibition creates a great hardship for many Muslims who cannot invest their own savings directly. In application of the Shari'ah rules that hardship always calls for relaxation; they continue that there must be certain criteria to determine the degree of tolerance of such stocks (that obviously represent the great majority of stocks). They came up with certain standards that aim at containing

the forbidden transactions within a restricted limit: income from interest and other prohibited matters must not exceed 5% of the total income of the company, its assets used in interest and other prohibited matters must not exceed one third of total assets, it must not depend on interest-based borrowing for more than one third of its total assets. Additionally a cleansing criteria must be applied whereby one must estimate the percentage of the Haram in the company one invests in its stocks, both dividends and capital gain and give away to Muslim charity the same percentage of the return one get at the end of the period.

These criteria are easy to apply because companies are required to issue this info. Dow Jones Company used them and issued what is known as the D J Islamic market index. And some companies bought the right to use it and established Islamic market funds. Search for them on the internet.

To come back to the Mutual funds mutual funds that satisfy these criteria are permissible with the cleansing requirement. You need to do your homework if you want to invest in funds other than the Islamic funds.

2- I suppose the RRSP is the Canadian retirement funds, if it is not please correct me and explain: No it is not better to invest in interest and give it to charity whole there are outlets that are Halal. Interest given to charity is not considered Sadaqah; it is only cleansing and it is InShaAllah rewarded as such; but if you invest in Halal and still give from it is certainly rewarded at much higher rate, up to 700 times and more. The Islamic Housing Cooperative of Canada is authorized as an RRSP outlet, and you can invest in it the RRSP and it is Halal!

3- I am sorry not to be aware of the MANY Fatawa that interest for car and others is ok! To the best I know interest is Riba and it is Haram in the Qur'an and Sunnah whether it is for a car, a house, or any other purchase. It is one of the worst sins a Muslim may ever do as it is the only sin that provokes a war from God and His Messenger (the Qur'an, 2:279). True, under necessity a relaxation is incurred but a necessity cannot be expanded to what is not necessary .

4- There is a strong argument for buying a house to reside in for Muslims living in the West for several consideration that include decency of the area, schooling, building equity, tax saving, etc, although these are not necessities in the strict sense but since they apply to most or all Muslims in the West they are treated like necessities under the rule that when a thing that is needed (but below necessity) applies to a large number of people it is then treat as if it is a necessity; it is called in Fiqh ""Hajah 'Ammah."" I don't think it applies to buying cars in America unless in very very special individual cases

5- I don't know of any Muslim who says it is permissible in Shari'ah to take a loan with FIXED or variable interest. In fact Riba is defined as any increment in a loan. It is certainly Haram and big Haram.

6- Leasing is permissible for cars and other things provided the lease agreement does not contain other violations of Shari'ah. And one must look for such other violations in lease contracts. It does not matter if the lease is done with a bank that deals with interest or with an Islamic company that does not deal with interest .

Please do not hesitate to contact me for any other question and give my Salam to Tariq, in the meanwhile try to make some homework on the internet, start with the word Islamic financing or look at my website especially the item Fatawa, it is www.kahf.net

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,
Dr. Monzer Kahf

Working in Islamic Banks

SUBJECT: Training in Riba banks for working in Islamic banks

From: Annas

Sent: Saturday, October 16, 2004 4:44 PM

My name is Annas. I am Syrian that has grown up in Germany and I am currently studying Business Administration at a German Business School. I am very keen on learning more about the world of finance, however, I know about the conflicts that will surely arise when it comes to my Muslim faith.

I am very troubled by this issue and its very difficult for me to find an optimal way out. At the moment the issue is very critical because I am not able to decide whether it would be ok, for instance, to make an internship at an investment bank, in the Mergers & Acquisitions division in particular.

For me it's definitely for the purpose of gaining experience and knowledge that makes me want to make this internship, yet I am still not sure about this as much of the business is about calculating interest and the like.

If you could give me an advice on this I would be very grateful, as it is hard for me to find people that know about economics and finance and at the same time about the rules that Islam has laid for us as far as these fields are concerned.

I have also a general question with regard to the possibilities to educate oneself in Islamic finance. I will graduate from university with a Bachelor degree this December and I will then have approximately 6 month before my Master Studies begin. I would very much like to use this time to increase my knowledge in Islamic economics and finance. Is there any hint you can give me?

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi
Ajma'in

Dear Br. Annas,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Taking a training position in an investment bank is permissible because as a trainee you will not make any 'real' interest-based transaction. Calculation, practicing and learning Riba transaction are not prohibited. What is prohibited is to actually make a transaction on Riba, even if you make for a client, such as buying a treasury bond for a client. In fact you can work in a bank and an investment bank in areas that do not make such transactions. Such training may benefit you to obtain good experience for working in an Islamic bank. It is in fact needed in Islamic banks and other Islamic financial companies.

Studying Islamic economics and Finance alone is really difficult, if you are good in Arabic how about taking a Master's in Islamic economics and finance from the Yarmuk university in Irbid, Jordan; I teach in the graduate program at this time (I moved here only a month ago) and If you are good in English you may consider a

Master's from the International Islamic University Malaysia. It will take you about 2 years either way, sufficient time to learn the basics of Islamic finance!

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

From: Annas

Sent: Monday, October 18, 2004 5:01 AM

thank you for your quick answer.

As far as the making a master in "Islamic finance" is concerned I would be definitely interested, however, I am already legally bound to my university in Germany, so at this instance I am rather interested in short-term programs or distance universities.

The problem with an investment bank is that you are fully integrated into the team, even as an intern. This means that it is possible to be forced to do things one wouldn't want to do - such as actual transactions on Riba related issues, or research on issues or financial models that are the basis for transactions that are financed with debt or the valuation of existing debt in companies. That is why I am not feeling good about this.

Up to today I thought that in Riba the whole chain is Haram; certifying a Riba transaction (i.e., as an accountant), doing the job of calculating the Riba for a certain transaction or being involved in any activity that might lead to a Riba transaction.

Is your opinion on accounting (and internships in accounting) the same?

Thank you for your help,

Annas

My Answer

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi Ajma'in

Dear Br. Annas,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

It was only a guess from your last name that I thought I heard of this name before. In Riba, four things are prohibited: taking, giving, writing and witnessing. Recording it in accounting books is part of writing Riba and the Late Shaikh Zarqa made this note, other accounting activities in a conventional bank are permissible. Theoretical calculation for estimation of merger and other activities, advising about which deal may be better for a customer (on interest basis) and learning how these deals are done are not included in the prohibition. Also not included working in an interest-based institutions in areas that do not require you to do, yourself, a prohibited function.

For short courses you may try Markfield Program at the Islamic Foundation in Markfield, Worcester, UK.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Can Female Work in an Islamic Bank?

From: Islam on line

Sent: Sunday, June 13, 2004 12:37 AM

Name of Questioner rahmath Gender Female Age 30-21

Education Graduate

country of Origin Malaysia country of Residence India

Question

ASSALAMUALIKUM, my questions is about banks. Can a female work in a bank. is it ok to work in other than Islamic banks and also can u please tell me whether we can work in Islamic banks in Islamic countries with Muslim names . please give me an elaborate answer for this as iam planning to do a carrer in banking sector if it is Halal.

Jazakum Allahu Khairan for your constant help

My Answer:

Bismi Allah al Rahman al Rahim

Al Hamdu li Allah Rabb al 'Alamin

wa al Salatu wa al Salamu 'ala Sayyidina Muhammad wa 'Ala 'Alihi wa Ashabihi

Ajma'in

Dear Sr. Rahmath

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

In principle there are no differences between sexes in regard to work. The only works that, although not forbidden, we Muslims do not usually like our females to do are those that do not provide her with sufficient respect, like sweeping and cleaning streets. These jobs are not prohibited though!

Obviously doing any forbidden action, whether as a job or otherwise, is not permissible in our Shari'ah and this applies to women and men alike.

Working in a conventional bank is permissible provided that a Muslim(ah) does not do any prohibited action. In this regards, the Prophet, pbuh, mentioned that the wrath of God is on the taker, the giver, the writer and the two witnesses of Riba. Therefore if your job in a bank does not require you to do any of these functions it is permissible to work in a conventional bank because you should not expand on prohibitions.

On the other hand, no one denies that working in a conventional bank in any capacity amounts to helping in making prohibited transaction. It is therefore not the best kind of job in the world! Other jobs that do not involve such a help to prohibited actions are certainly better.

Working in an Islamic bank is no doubt much better than in conventional banks. The Gulf area has several Islamic banks that still depend on expatriate employment and to the best of my knowledge Islamic banks doe not discriminate on the basis of sex, religion, color or race in their employment. I have seen non-Muslims working in Islamic banks and I have seen females too.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

SUBJECT: Islamic Banking Career

From: Islam on line

Sent: Saturday, June 05, 2004 11:40 PM

Name of Questioner Hayat

country of Residence Canada

Question

Assalam-Alaikum Dr. Kahf, I wanted to get some guidance from you as to what direction I should take in my career. I am interested in Islamic Banking and want to know if there are any good online universities which offer good Islamic Banking courses. I did some research on the Canadian universities, but they don't really offer a course on Islamic Finance. Or, is it something that is self-taught? I noticed on your website that there was a lot of material related to Islamic Finance. Also, as a Muslim living in Canada, how can I try and make a difference in the Banking system over here, and try to introduce Shariah compliant mortgages, investment funds, etc.

Thank you for taking the time to answer my question .

Jazakum Allahu Khairan for your constant help

My Answer,

Bismi Allahi al Rahmani al Rahim,

Al Hamdu li Allahi Rabbi al 'Alamin, wa al Salatu wa al Salamu 'Ala Sayyidina

Muhammad wa 'Ala 'Alihi wa Sahbihi 'Ajma'in,

Dear Br. Hayat

Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh

Islamic banking is important, it has a future in North America as there will be soon a time, after some effort on our part, when we will have full fledged Islamic banking.

MA's in Islamic banking are offered in several universities in Malaysia, Saudi Arabia, Pakistan, UK, Jordan. I don't know of internet degrees that are accepted as equal to such universities. It is not only self taught as you really need structured courses! You know there are several internet universities that offer so called degrees in Islamic banking; search the engine for their sites. But my advice is to try to join one respected u or try to work in the Islamic finance section of the Royal bank of Canada or the Islamic division of the HSBC in New York such a work would help develop your understanding and I am sure you will make a difference on the North American seen. May God help you.

Wa Allahu A'lam,

Wa al Hamdu li Allahi Rabbi al 'Alamin,

Wa Assalam,

Sincerely,

Dr. Monzer Kahf
