

*With the Name of Allah, All-Merciful, Most Merciful*

## **MONEY & DEBT – Islamic Texts**

**Themes & Commentary, © Usama Hasan, 2010**  
**Translation of the Qur'an adapted from Abdullah Yusuf 'Ali**

### **Themes of the Texts**

The text selected here is the only lengthy passage from the Qur'an that addresses the topics of charity, money, usury and debt in great detail. There are, of course, many other references to these subjects throughout the Qur'an but these tend to be scattered in individual ayat. In fact, the passage given is only the last third of a much longer one that begins at ayah 261 of the surah known as The Cow. The thirteen ayat preceding this passage are about charity and its principles: the infinite Divine reward attached to sincere charity; the conditions of sincere charity, such as not reminding the recipient of the favour or exacting another favour in return; the fact that small, sincere kindnesses are blessed such that they are worth infinitely more than large but hollow, ostentatious acts of "charity."

Ayah 278-9 are often quoted in discussions about usury in Muslim discourse to this day. The threat of "war from God and His Messenger" in ayah 279 is unique in the Qur'an, and underlines the seriousness of the crime and sin of *riba*.

Ayah 282 is known as *Ayat al-Dayn*, "The Debt Verse" and is by far the longest single ayah in the Qur'an, usually taking up over a page of written copies of the Qur'an. Memorisers of the Qur'an are often evaluated on how well they are able to recite this ayah without making mistakes.

The "Debt Verse" is followed by a shorter one on the same topic; these are then followed by a majestic conclusion to "The Cow," the longest surah of the Qur'an; this concluding passage consists of statements of faith about God followed by extremely eloquent prayers that were recited nightly by the Prophet, peace be upon him, a practice continued until today.

## **Points to Consider**

1. Ayah 275: The usurers justify their practice by saying that “trade is like usury,” but God has permitted trade but forbidden usury. How do these teachings relate to the contemporary theory and practice of conventional banking and economics?
2. “Give up your demand for usury!” How is this commandment to be actualised in today’s world, where we have a global financial and monetary system based on usury?
3. How are the instructions given in the “Verse of Debt” to be applied in modern times?
4. There is one exception to the writing down of debt contracts: spot-transactions. What types of transactions are covered by this term today?

**Text 1: *Surah al-Baqarah* (Chapter: The Cow, 2:274-283)**

**274.** Those who spend of their goods by night and by day (in charity), in secret and in public, have their reward with their Lord: on them shall be no fear, nor shall they grieve.

**275.** Those who devour usury will not stand except as stand one whom the Evil One by his touch has driven to madness. That is because they say: "Trade is like usury," but Allah has permitted trade and forbidden usury. Those who, after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for Allah (to judge); but those who repeat (the offence) are companions of the Fire: they will abide therein (for ever).

**276.** Allah will deprive usury of all blessing, but will give increase<sup>1</sup> for deeds of charity: For He loves not creatures ungrateful and wicked.

**277.** Those who believe, and do deeds of righteousness, and establish regular prayers and regular charity, will have their reward with their Lord: on them shall be no fear, nor shall they grieve.

**278.** O you who believe! Fear Allah, and give up what remains of your demand for usury, if you are indeed believers.

**279.** If you do it not, take notice of war from Allah and His Messenger. But if you turn back, you shall have your capital sums: deal not unjustly, and you shall not be dealt with unjustly.

**280.** If the debtor is in a difficulty, grant him time till it is easy for him to repay. But if you remit it by way of charity, that is best for you if you only knew.

**281.** And fear the Day when you shall be brought back to Allah. Then shall every soul be paid what it earned, and none shall be dealt with unjustly.

**282.** O you who believe! When you deal with each other, in transactions involving future obligations in a fixed period of time, reduce them to writing. Let a scribe write down faithfully as between the parties: let not the scribe refuse to write: as Allah Has taught him, so let him write. Let him who incurs the liability dictate, but let him fear His Lord Allah, and not diminish aught of what he owes. If they party liable is mentally deficient, or weak, or unable Himself to dictate, let his guardian dictate faithfully, and get two witnesses, out of your own men, and if there are not two men, then a man and two women, such as you choose, for witnesses, so that if one of them errs, the other can remind her. The witnesses should not refuse when they are called on (for evidence). Disdain not to reduce to writing (your contract) for a future period, whether it be small or big: it is juster in the sight of Allah, more suitable as evidence, and more convenient to

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<sup>1</sup> Literally, "usury."

prevent doubts among yourselves but if it be a transaction which you carry out on the spot among yourselves, there is no blame on you if you reduce it not to writing. But take witness whenever you make a commercial contract; and let neither scribe nor witness suffer harm. If you do (such harm), it would be wickedness in you. So fear Allah. For it is Allah that teaches you. And Allah is well acquainted with all things.

**283.** If you are on a journey, and cannot find a scribe, a pledge with possession (may serve the purpose). And if one of you deposits a thing on trust with another, let the trustee (faithfully) discharge his trust, and let him fear his Lord. Conceal not evidence; for whoever conceals it, his heart is tainted with sin. And Allah Knows all that you do.

## Commentary

The lengthy discussion of charity followed by the resounding condemnation of *riba* (usury) in our Medinan passage here is an amplification of a principle summarised in one Meccan ayah, “That which you lay out for increase through the property of (other) people, will have no increase with Allah. but that which you lay out for charity, seeking the Countenance of Allah, (will increase): it is these who will get a recompense multiplied.” – *Surah al-Rum* (The Romans or Byzantines, 30:39)

This ayah also illustrates the principle, as does 2:276, that charity and usury are opposites. A simple example of this in practice is that if someone has surplus money that lies untouched for a year, the Sharia demands that it decrease by 2.5%, the standard rate of zakat (compulsory alms), with this money going to the poor and needy. In a usurious system, that money magically increases, even if it has not been invested or the investment has made a loss. (There must be the risk of profit or loss for valid monetary gain, according to Islamic law.) Muslims maintain that zakat leads to redistribution of wealth and a net flow from rich to poor, whilst usury leads to the opposite. In a sense, charity is negative usury and usury is negative charity.

The arguments expressed in 2:275 still resound today. Those who justify money-lending at interest still compare it to trade: just as one is entitled to charge for renting or hiring the use of a car or house to another, the argument is that interest is a rental charge for the use of money loaned. An Islamic counter-argument amongst many, shared by Jews, Christians, Hindus and others who also stick to their scriptures’ original prohibition of usury and interest, is that money is not a commodity or good in itself, such that it can be hired. Rather,

*Money is a matter of functions four:  
A medium, a measure, a standard, a store.*

This rhyme encapsulates the nature of money in Western and Islamic thinking: a medium of exchange; a measure of wealth; a standard for deferred payments; a store of value.

Money is thus an independent standard and evaluator that helps lubricate any economy: the natural flow and exchange of goods and services. Treating it as a good and making more money by trading in money is thus a nonsensical and unjust distortion of the nature of money. Usury and money-lending at interest result in the constant devaluation and destabilisation of the value of money and thus undermine its essential four functions. In classical Islamic jurisprudence, the value of money must be stable in principle, and the usurious element means that strictly speaking, all modern money (paper, coins or the ghastly electronic money that has almost taken over) is prohibited under Sharia. The word “cash” used to mean real gold or silver coins, and there is a strong argument that a return to gold and silver as monetary standards can solve the world’s major financial problems. In the hadith literature, it is recorded that the price of a sheep during the time of the Prophet was one dinar of gold, and that of a chicken one dirham of silver. It is

easily-observed that the price of a sheep and chicken in gold and silver respectively are the same today, i.e. gold and silver represent a currency that has maintained zero inflation over the last 1400 years!

Usury also results in the net transfer of wealth from the poor to the rich, and the increasing rich-poor divide in every country in the world as well as globally is a measure of this. The commercial and central banks' fraudulent practice of literally creating money out of nothing and then charging interest on it equates to an infinite rate of interest: uncontrolled usury that helps to enslave entire countries and their populations. An example of this miserable situation was seen in the UK in 2008 when £50 billion were plucked out of thin air by the government to rescue the ailing, private bank Northern Rock. Compare this to the estimate that just £1 billion would be enough to bring all of Britain's hospitals up to the high standards expected of our country, but the government has mega-bucks to save one bank but not peanuts to save our entire hospital infrastructure. Third-world debt is already a disgrace where countries are trapped in the spiral of ever-increasing and unpayable debt, but now we also have "The Coming First World Debt Crisis," as in the title of a recent book by Ann Pettifor. Almost every week, we see headlines in our newspapers about Britain "drowning in debt." In 2009, tens of billions of pounds and dollars were created out of nothing by the international banking system to save itself during the financial crisis, as thousands of jobs were lost in the developed world.

The "Verse of Debt" obligates the writing down and witnessing of debt obligations, except if the transaction is a common, day-to-day one. This is a relative term and varies with time, place and context. I once bought a car from a friend for £1300 with a deposit of just £200; when I offered to record the debt in writing as per the ayah under discussion, the friend responded that this transaction involved day-to-day sums!

The fact that the Qur'an's longest ayah deals with the writing down and witnessing of debts is a measure of how important justice in financial transactions and debts (*dayn*) is in the wider context of religion or judgment (*din*). Debt, religion and (the Day of) Judgment are thus intimately related; the latter is in a sense the "Day that Debts Fall Due."