

# Fatawa Money exchange, Sarf and Foreign exchange 2004

## Conditions of Currency Trading

### Subject: Delivery in Forex

From: Arqam

Sent: Sunday, August 29, 2004 10:05 AM

Dear Sir,

I just received your answer on the live Q & A session on Islam online regarding forex trading. But sir I am doing this since a long time so all the money earned from it is haram. And I am confused about the margin, as my broker gives me a loan by taking a security of \$50, in normal circumstances everyone is allowed to take an interest free loan, if possible, and can do whatever he wants, and I buy currencies with that loan, so what's wrong with it, and due to electronic development, if the contract is executed online to save time for the physical delivery, as I may close my position after taking profits after 10 minutes, or return the loan after 10 minutes without interest, is it wrong, otherwise if we go by physical deliveries it may take days, to receive and return, so it's simply borrowing of money to buy currencies electronically without physical possession, in order to save time, in which category it falls, like it's haram or Makrooh, or will it be a sin to do this. for information you can visit [www.refcofx.com](http://www.refcofx.com)

and can see the specifics involved in their methodology on this link

[http://www.refcofx.com/ind\\_acct.html](http://www.refcofx.com/ind_acct.html)

or on the homepage can chat with them live for your further information 24/7. As I am told by them that thousands of Muslims are their clients also from middle east, so everyone is doing haram Business. And if no other way out, should I stop doing it, even if now, I am going in loss, and can do further trades, to reach the actual investment. so can I continue or stop immediately, I would really appreciate your concern, if you reply me, as a big amount is involved from my side in this business.

Regards

Arqam

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. ARQAM

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

I did not mention any physical delivery. acquisition in my reply to your question on live Fatwa. In response to another question, you may have noticed that I mentioned the concept of Qabdh in Shari'ah as the normal time needed to process a delivery order (that should mean that a product is already available in stock without including execution of a manufacturing order). Delivery in transaction on the internet or through phone with a broker means credit and debit to your account, if it is done momentarily upon executing an order, that is it. It satisfies the condition required for

currency exchange. any extra time lag is forbidden in Shari'ah and the Prophet, pbuh, said that is has to be Yadan bi Yad (give and take). Purchase on margin, as practiced in commodities precious metals and currencies in not permitted in currencies. gold and silver because it is not full payment. day trading in other commodities and stocks is permitted as long as there is no interest-generating loan. Non-interest generating loans and lag in delivery do not affect the permissibility of transaction in stocks and commodities. future commodities are not permissible according to the resolution of the OIC Fiqh Academy of 1412H. Money generated from such Haram transactions in the past should be given to Muslim charity along with seeking forgiveness and repentance. In Mu'amalat (transactions) the rules are permissible or not permissible. The Karahah and preference, comes within the category of permissible.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----

**Subject: Foreign Exchange "Sharia Compliant Accounts" offered by online brokers**

From: Mr 456

Sent: Tuesday, December 07, 2004 6:28 PM

Salaam alaikum dear scholar.

I have researched a little about forex trading and its permissibility.

Could you please explain why margin is forbidden in currency trading, and also why its allowed in stock trading when it involves no interest.

I had a conversation with www.forex.com staff and they have something they call Sharia Compliant Accounts.

These charge no interest and instead we pay a small fee. I have pasted the conversation as below.

Thank you for your 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. Hussein,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

Currency transaction are not easy to make. You should realize that dealing in currencies may involve interest and interest is prohibited. The Prophet, pbuh, in an authentic Saying reported by both Bukhari and Muslim, determined the conditions of currency dealings, so that no interest is involved at all. These are two conditions: the two exchanged currencies must be HANDED IN FULL and in the SITTING OF THE CONTRACT. To put these in contemporary terms, the conditions are: credit and debit must be done immediately upon the contract and it must be in full. This obviously means that margin deals are not permissible and any delay from the time of the contract is not permissible too.

The rationale is delay means interest and margin means adding more heat in a market that is supposed to be limited to transactions that are meant to be fulfilling only the needs of exchange. Stocks on margin are a different story because stocks represent a bundle of real assets selling (buying) them future is permissible and margin means that the rest of the price is going to be paid later, that should also be permissible. In currencies a transaction with part of the price later is not permissible. It hides Riba.

If there is a company that offers fore in accordance with Shari'ah must structure it to be only with immediate delivery and with full payment and without any interest-based lending or delay.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----

From: Mr 456

Sent: Monday, December 13, 2004 8:27 PM

Salaam Alaykum, Dr Kahf.

I thought that I might give you some info on these sharia compliant forex accounts for you to have a look if you have the time.

I was actually considering to trade forex before I came across your articles and responses and others responses about forex. Although disappointed that forex is haraam, I do not wish to wrong myself.

I asked a few online forex brokers, just to get them to exclude interest/riba from my accounts and from the daily rollover that occurs in forex, because I believed at that time that interest was the only thing that made this product haraam. One online broker, <http://www.forex.com> told me they offer accounts that they call Sharia Compliant Account.

Upon further investigation, they claim that they will not pay interest to the account, or charge interest for giving margin, or charge or pay interest in daily rollover (we pay a small fee instead). They could not provide any further info. at this early stage in the development of these so-called Sharia Compliant Accounts, but they did assure me that their Compliance Board thoroughly researched this topic and even advised me to get scholars to give their opinion of it if I needed more peace of mind.

If you have the time, brother, please help me in this matter and a lot of other Muslims that have actually started trading due to this Sharia Compliant Account.

Please advise whether forex trading in Sharia Compliant Account would be halaal.

If not, what would need to be done by this broker and other brokers to make a proper Islamically permissible forex account.

Also, I read somewhere that trading on margin in forex, even if no interest/riba changes hands is haraam. Please give explnation of this because as I undersatand it, margin in stocks is permissible.

Brother, I have sent over 30 emails to different Islamic instituions and scholars without success.

Please help us in this regard, yet I do understand if you are busy at this moment.

Thank you,.

Hussain

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. ,

Al Salamu Alaykum Wa Rahmatullahi Wa Barakatuh

I know this Fatwa and it is used to deceive people who tend not to read the full text.

Please brother just look at conditions 2 and 3 they require that payment should be in

full of both currencies t the time of contract. It is incorrect that the broker gives you a

loan for no interest. This is a blunt lie. The management of the exchange does not

require more than margin, o there is no loan, it is just a contract of speculation not a

contract of trade. They put a color on it to deceive people like you, I am sorry to say

it. Forex is not permitted in Shari'ah except in one case: when you buy a currency

that you get delivery of it in your account and pay its full price and later if you decide

to sell it n any future you can sell it. This I not what these online brokers do.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabb al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

From: Mr 456

Sent: Saturday, December 18, 2004 9:29 AM

Salam Alekum, Dr. Monzer Kahf.

Just checked email and I have recieved a reply from forex-arabia over my concerns

as to the permissibility of forex trading in Islam. They have sent me this ""fatwa""

from an islamic site. Please give us your view on this.

If you are busy at the moment, please take your time. I would like to trade forex but

only if it is halaal. Indeed, I do not wish to sacrifice my soul for the chance to make a

few dollars. That is why i am looking at this issue as well as I can to get an

understanding as to the permissibility of this. Thank you for your help, Dr Kahf.

Dear Sir,

I understand fully your worries in this particular matter, I am sending to you ""fatwa""

from Islam-online web site, but unfortunately it was written in Arabic, but take a look

on it, perhaps you can find somebody to translate it for you, and I will take this

opportunity to make the translation for you, if you trust me as a GUIDANCE.

Dear Br.

Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

Freedom of speech and lack of international law that prevents fraud and deception.

Now we have in the US several laws that prevent fraud in Halal food.

Best Regards, Wassalam,

Sincerely,

Monzer Kahf

From: Mr 456 [mailto:sekh456@yahoo.com.au]

Sent: Monday, December 20, 2004 8:27 PM

I see. Thank you, Dr Kahf. By the way, isn't there anything we can do to stop these  
online brokers calling their accounts ""Shariah Compliant""??

-----

**Subject: Dealing in Foreign Currencies**

From: Islam on line

Sent: Monday, August 23, 2004 12:42 AM

Name of Questioner Faiz Gender Male Age 31-45

Education Graduate

country of Origin Sri Lanka

country of Residence Sri Lanka

Question

Dear Scholars, Assalamu Alaikum Warahmatullah, May Allah Almighty shower His Mercy on all of you for the great ideological service you render in the interest of Islam. Please enlighten me on the permissibility of dealing in Foreign currencies (FCc). Is it permitted, according to Islamic Law to make profit by purchasing and reselling FCc. Many muslim businessmen in Sri Lanka engage in Money changing business as stated above, mostly against Exchange Control restrictions of the country. Can Fcc be purchased with an intention to resell at a later time when the currency rates go up? Under what Islamic Trade rule does this deal falls? Also please enlighten whether remittances can be made from country to country through black market deals (ie. bypassing the usual banking procedure) Jazakallahu Khairan Notes

I ask these questions to clear my doubts as majority of muslims working abroad remit money home through these secondary sources.

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. Faiz

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

First let me mention that black market trades are not a Muslim phenomenon, they rather have no religion, Hindus Buddhists Christian, Jews and Muslims deal in black market all over the world. Black market exists actually as a result of government restrictions that the market forces of supply and demand actually do not support, afford or warrant. Therefore I am sure that if the black market phenomenon in currency exchange and transfer exists in Sri Lanka it must be then done by all people regardless of religion.

According to the Islamic law, foreign currencies can be purchased and sold (trades) at any negotiable price that is agreed on between the parties to a contract; and if people need foreign currencies, there must be some traders who make them available to them. Traders buy for the purpose of selling at a higher price. All these activities are permissible in foreign currencies the same way they are permissible in all commodities. Yet, in currency exchange there may, sometimes, be an element of Riba (interest). It happens at every time there is a time lag between the contract and the delivery of any of the exchanged currencies. Riba is prohibited in Islam as you know. Therefore, the

Prophet, pbuh, made the condition of delivery at the time of the contract of the two currencies exchanged in every contract of selling a currency for another. His very words are ""Ha'a bi Ha"" and in another version ""Yadan bi Yad"" which literally means that the sold currency must be given in one hand at the same time that the

other hand receives the bought one. Hence, unlike other commodities currency exchange must always be accompanied by immediate delivery of both currencies, otherwise the transaction is considered as containing Riba.

What must be noted that in transfer of currencies from one country to another, one either transfers, through an intermediary that is a bank or any other entity, the foreign currency to the local land and locally the recipient exchanges it for local currency (that must be with immediate delivery) Or one makes the exchange in the foreign land (which must also be with immediate delivery) and transfers a quantity of the local currency. The bank or the intermediary entity is entitled to a price for its service; this price is permissible and it is not Riba.

The last point is related to "violation of the laws of the land." These carry no religious value, negative or positive, unless when they relate to moral issues. don't you see that speeding over the limit set by law carries no religious value except when it endangers the life and properties of people. Therefore you cannot say that going five miles above the speed limit on a high way is Haram or Halal; it is not a religious matter although one will get a ticket for violating the law and be exposed to fines, but going at a speed that endangers the life/property of people inside or outside the car is certainly Forbidden in Shari'ah.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----

**Subject: currency trading**

From: Islam on line

Sent: Monday, June 14, 2004 12:03 AM

Name of Questioner magdy Gender Male Age 31-45

Education Graduate

country of Origin Egypt country of Residence Egypt

Question

dear brothers may Allah bless you for your efforts, I was searching your database for fatwa regarding stock market, and found very few fatwa's all concerning stocks & shares issues, but I did not find any info regarding currency exchange markets and dealings. could you please direct me to any archived fatwa regarding this subject, if unavailable please forward this question to your fatwa committee. I would like to know the fatwa for stock market dealing in the currency exchange market, if I want to buy and sell Euro for ex. with US \$, I can pay only \$200 and buy a contract of 100,000 euros, when market is going up I can make money when it goes down I lose, with out anything to do with this purchased amount in the contract, I'll be only paying what's called MARGIN of the contract, so please clarify this issue for us, Jazakum Allah khairan ASSALAMU ALAIKUM  
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. Magdy

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

There are several Fatawa on currency trading, you may consult my website at [www.kahf.net](http://www.kahf.net). These Fatawa are based on the correct Ahadith on this issue that are incorporated and explained in the well known resolutions of the OIC Fiqh Academy. In brief, exchanging currency for another currency requires, according to Shari'ah, that both quantities be delivered at the time of the contract, otherwise interest (Riba) will be involved. Hence, the resolution of the OIC Fiqh Academy came to illuminate that trading currency futures and/or on margin is not permitted. On the other hand if currencies are traded spot with full payment at the time of contract (which is not normally the practice in the currency exchanges), it becomes permissible.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----  
**Subject: Trading indices and Futures commodities and currencies**

From: Islam on line

Sent: Monday, June 14, 2004

Question from Malaysia

ass.w.w. i am a futures trader who trades agricultural products through a futures exchange. is it a halal or haram profession? i don't gamble since i make my decisions based on research and analysis of the products. what about trading indices such as dow jones, nikkei etc. is it halal or haram ? at last, what about trading currencies, is it halal or haram ? all through a futures exchange such as chicago board of trade, etc. i've been waiting for so long for this opportunity, please give me an expert answeres. may Allah rewards your kindness.

Jazakum Allahu Khairan for your constant help

Yours,

Islam on line

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. Yan

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

Trading any goods / commodities that are permissible in Shari'ah is also permissible because trade creates value as it is well known.

Trading in commodity exchange and stocks markets is also based on the same principle. A stock is tradable because it represents a basket of assets. Therefore, according to Shari'ah this basket must be real and permissible. Hence, from our religion's point of view, stocks of companies whose main activity is not permissible are not tradable. an example is companies that produce weapons used by armies/individuals to kill innocent people or to occupy their land.

Additionally there must be real assets behind a stock to be traded. Indices are mere mental calculation of values of a bundle of stocks; but unlike stocks they do not

represent real assets. Therefore, the OIC Fiqh Academy ruled in 1412H that indices are not ownable or tradable.

While spot currency trading is permissible, currencies futures involve interest and our beloved Prophet, pbuh, prohibited it. In a correct Hadith he mentioned that currencies must only be exchanged with the condition of immediate delivery of both currencies. This means that futures are not permitted and margins are not permitted too.

The alternative to commodity futures is the Salam sale that is well defined in Shari'ah; it requires that the price, all of it, must be paid at the time of the contract. Accordingly, the same Fiqh Academy also ruled that commodity futures are not permitted too because they are traded on margin and they are usually not intended for delivery/execution.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----

**Subject: Forex, currency exchange**

From: Wael

Sent: Wednesday, May 19, 2004 7:33 PM

To: monzer@kahf.com

Subject: Question

Alsalm Alykom Dr Monzer,

I hope you are fine, i sent you earlier some questions regarding stocks and you were kind enough to provide me with answers so thanks again.

Now i have something else to ask your opinion about.

Basically i want to know the islamic ruling regarding trading currncies in the Forex.

Basically it's the spot market for currnecies where they are traded in pairs.

Usually your register with a broker/dealer you put fund in your account and when you want to buy or sell the broker can leverage you to some extent. i.e to control 100000\$ lot you can put 1000\$ , he will provide you with quote if you accept it , the order will be executed and you will be responsible for the position.

They send you notification instantly, but the settlement takes 2-3 days.

Once you have a position, you can sell/buy it, or provide the rest of the price, the amount the broker leveraged you to.

There's lots of sites that have explanation for this process, you can have a look at [www.refcofx.com](http://www.refcofx.com) <<http://www.refcofx.com/>> for more info.

I looked at your site Fatwa section and in the PDF file about Fatwas regarding stocks/shares etc, there were a question similar to mine in page 35, but the next two questions and answers made me confused. i suspect those two were about currencies futures but i want to double check.

Now, i wonder if

1- trading currnecies is allowed

2- if trading them using margin, where you put the margin first and control the whole lot, then sell it and realize profit/loss, is acceptable. if you close the position in the smae day, there's no interest on the leverage given



3- assuming that the above two points is Halal, what about the short position, i understand the long side, i have Canadian \$ and sold it for USD, but what about the other way around.

i know that the question is long and that i might not been so great in clarifying what i want , but i am hoping you can understand what's in my mind because of your great experience in this field.

Thanks so much and may god bless you for all the great work you are doing for islam, i have to admitt that when i searched the net i didn't find that much muslim scholars who are finance experts as well, and those who are i found them to be strongly affiliated with bussiness interprises/ banks etc that made me worried and looking for unbaised advice like yours.

P.S i forgot to say that i live in Canada in case this mught make a difference in the fatwa

Jazak Allah 7'ayarn

Wael

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. Wael

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

To the best of my knowledge, the broker does not provide financing for spot forex.

The contract itself requires both buyer and seller to place a margin in an escrow with the management of the Exchange. It is not even with the broker. If this is correct, the contract is tagged as a Riba contract in Shari'ah; it is forbidden because currencies can only be traded with delivery of both currencies at the time of contract. Having a spot position, on margin, does not mean that it is credited in your account, which is necessary to make the meaning of delivery (Qabd). On the other hand, having a spot position with either handing over a delivery receipt (order) or credit/debit in the account of the full price is permissible.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

From: Wael

Sent: Thursday, May 20, 2004 12:56 PM

Alsalm alykom Dr Mozer,

I checked with the broker company on the phone about how they do theier trading.

Basically he told me that what i said before:

- 1- When a customer put order they themselves lend the customer money to finish the transaction , the customer have only to come up with a certain margin equity.
- 2- They are the market maker, the second part of the transaction, thye selll or buy the order from their inventory.
- 3- After finishing the transaction, they will go to the Interbank market and place the same order there. or replensihing their inventory again.
- 4- Over night position is charged intrest, intar day not.

5- The trade is spot trade not future.

Thank you

i hope i am not wasting you time, if i am accept my apology please

Salam Wael

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. Wael

Assalamu Alaykum wa Rahmatullahi wa Barakatuh.

I will answer your three email together.

- 1- This is not that new of a transaction.
- 2- The broker is not telling you the truth; instead he is summarizing it to you. The broker DOES NOT LEND YOU MONEY, PERIOD, the sale is itself a margin sale. It is "as if it lends you"
- 3- The prophet, pbuh, made a clear distinction between currencies and other commodities. Yes you can sell TV's for a deferred price or on installments, but you cannot sell currencies because A) the Prophet said it with a clear cut statement "Ha'a bi Ha'." and "Ydan bi Yad" in another version of the Hadith; and B) because currencies are meant in Shari'ah to be a medium of exchange not a direct commodity that is why when we trade them, and trading them is needed and as ancient as the existence of currencies themselves.
- 4- Currency trading requires delivery at the time of the contract, this delivery can be done by credit and debit in the accounts but if it is not done, the transaction is then Riba al Fadl as called in Shari'ah. holding a position does not mean you got delivery, it means you got a contract, delivery must accompany it if the transaction is to be compatible with Shari'ah.

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----

## **Advertising certain Forex Companies**

**Subject: Forex advertisement on Islam on line website**

From: Islam on line

Sent: Tuesday, December 07, 2004 5:24 AM

Dear dr. Monzer,

As-Salamu `alaykum wa rahamtu Allah wa barakatuh.

I hope you are well and enjoy the blessings of Allah.

I am here just reminding your eminence to re-send us your reply regarding putting an ad for ""FOREX"" on IOL. Your advice, sir, will be very appreciated and we will act according to it.

Jaz for your efforts.

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. Wael at Islam on line

Assalamu Alaikum wa Rahmatu Allahi wa Barakatuh

IOL must not accept this add because you represent the idea. Most of FOREX transactions are forbidden according to Shari'ah and putting an ad for it on IOL gives it credibility and illusion to many Muslims that their transactions may be permissible. All currency future transactions are forbidden because they violate the rule of ""Yadan bi Yad"" and most of their spot transactions are forbidden because they are on margin. You know currency transaction must be complete cash for cash and hand to hand.

I think putting ads for FOREX is against what we all stand for in Islamic finance and economics.

Wa Allahu A'lam,

Wa al Hamdu li Allahi Rabbi al 'Alamin,

Wa Assalam,

Sincerely,

Dr. Monzer Kahf

-----

## Conditions of Sale of Gold

**Subject: Sale of Gold to a Jeweler**

From: Samia through Islam on Line

Sent: Thursday, September 09, 2004 1:57 AM

Dear Dr. Monzer, Assalamu Alaykum wa Rahmatullahi wa Barakatuh,

Question

I have some gold bangles that I want to sell. But when we go to jeweler and sell him the gold jewelry they cut a small portion( 1 masha) of gold in every tola. Is it allowed to sell gold like this. Is this fall in the category 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. Samia

AssalamuAlaikum Wa Rahmatullahi w Barakatuh

I don't know what do you mean by "they cut". If you mean they weigh the jewelry and then deduct certain amount f the total weight and pay the price as if the weight is less than what it actually is, with you knowing this deduction, it is permissible. This means that they want to take a part free without paying and since you know it is up to you to give them such an amount free or not, it is a matter of negotiation between the seller and the buyer. the buyer says I will buy from you 20 grams as a price of 10 Dollar a gram if you give one gram free with it; this amounts to offering a price that is

actually less than 10 an if the seller accepts, the sale is permissible provided that the price of the gold is paid cash at the time of the contract..

Wa Allahu A'lam

Wa Alhamdu li Allah Rabbi al 'Alamin

Wassalam

Sincerely,

Dr. Monzer Kahf

-----