

# RIBA AND MORTGAGES: 21 COMMONLY ASKED QUESTIONS

**We speak to bankers, both Islamic and conventional, and laymen, both sincere and cynical, and compile twenty-one of the most commonly asked questions about riba and mortgages**

He's a good Muslim. He prays, he fasts, he pays zakat. He regularly performs voluntary acts of obedience. He's a caring family man and a respected member of the community. By every outward measure, he appears to be leading the life of an exemplary Muslim.

But, somewhere along the line, he reconciled his views on interest-based finance, particularly in relation to conventional mortgages, with his religious beliefs. He became convinced, like countless other Muslims, that Islam permits one to take a conventional mortgage to finance the purchase of a home.

The question is not whether riba is impermissible; the verses in the Quran are clear enough. The question for many is: "Is the riba in the Quran the same as the interest on my home loan?"

We spoke to bankers, both Islamic and conventional, and laymen, both sincere and skeptical, and compiled twenty-one of the most commonly asked questions related to conventional mortgages. We confirmed the answers with qualified scholars who referred back to the Quran; sunna of the Prophet (Allah bless him and give him peace); the scholarly consensus of the traditional schools of jurisprudence; and the Shariah standards of the world's largest regulatory body governing Islamic banks, the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

The following are *actual* questions posed by genuine Muslim homebuyers and industry practitioners:

**1. How is the riba Allah has forbidden the same as ordinary interest? I thought riba refers only to usury.**

The Quranic verses and hadith are clear on the prohibition of riba. What is not clear to some is the *meaning* of the word "riba."

Understanding this is particularly relevant to understanding the permissibility of conventional mortgages.

The present answer seeks to show that differences in interpretation do not originate from a substantive change in the nature of the circumstances since the time of the Prophet (Allah bless him and give him peace), as some claim, but rather from a change in the common usages of the words “usury” and “interest.” So while the original meaning of the word “usury” referred to *any* charge over the principal according to Old English Law<sup>1</sup>, the modern meaning of the word underwent a process of evolution.

Essentially, a change in language, not a change in commerce.

Allah deems only two sins worthy of a war from Him: enmity with His friends and dealing in riba. Few Muslims doubt the enormity of dealing in riba, clear in Allah’s words in the following verse:

“Those who eat of riba shall not rise (on Judgment Day) except as those arise who are smitten by the Devil with madness – which is because they say that trade is but like riba, though Allah has made trade lawful and has forbidden riba. So whoever is reached by a warning from his Lord and desists may keep what was before (Allah forbade it), and his affair is with his Lord. But whosoever returns, those are the denizens of hell, abiding therein forever.

“Allah extirpates (all benefit from) riba, but makes charity bounteous, and Allah loves no sinful ingrate.

“Verily, those who believe and do righteous works, who perform the prayer and give zakat, they possess their wage with their Lord: no fear shall be upon them, nor shall they grieve.

“O you who believe, fear Allah, and give up whatever remains of riba, if you be believers.

“But if they do not, then be apprised of war from Allah and His messenger, though if you repent, you may keep your principal, neither wronging nor being wronged” (Quran 2:275-79)

And the words of the Prophet (Allah bless him and give him peace) found in this and other rigorously authenticated (sahih) hadith:

“The Messenger of Allah (Allah bless him and give him peace) cursed whoever eats of riba, feeds another with it, writes an agreement involving it, or acts as a witness to it.” (Muslim)

And the expert legal opinion (fatwa) of one of the world’s leading Islamic finance scholars, Justice Mufti Muhammad Taqi Usmani, *defining* riba:

“The concept of riba was widely recognized among the addressees of the Holy Quran, and it is that concept which is reflected in the legal definition provided for riba either in the hadith or in the later literature of Islamic jurisprudence. According to this definition, any transaction of

loan where the payment of an additional amount on the principal is made conditional to the advance of such a loan is called riba.”<sup>2</sup>

Confusion, spread primarily by the more modernist readings of the Islamic Sacred Law in the first half of the 20<sup>th</sup> century, arose on whether riba refers to usurious levels of interest alone, or refers to commercial interest as well, the kind found in conventional mortgages.

Two issues are involved here: 1) the incorrect and widely-held belief that interest was, in previous times, only usuriously excessive by nature; and, 2) the popular notion that pre-modern forms of finance served primarily consumptive, not commercial, needs.

A brief look at history is instructive.

Commercial interest, as practiced today even at single digit rates, was well-known and widely-practiced among Abrahamic societies, even over four thousand years ago, mostly as a form of institutionalized agricultural finance, not just as a form of usurious consumption finance, borne out by substantial historical proof.<sup>3</sup> Later, even the concept of credit risk became well understood, with Byzantine traders contemporary to the Prophet (Allah bless him and give him peace) borrowing on standardized rates of interest, rates that varied by profession.<sup>4</sup>

The Prophet (Allah bless him and give him peace), his Companions, among whom many were previously moneylenders, and all those trading in the Arabian peninsula during the 7<sup>th</sup> century were thoroughly familiar with the widespread practice of commercial interest-based lending: charging for the use of money with an additional sum over the principal amount.

Modernist Islamic discourse on the inadequacies of an interest-free economy is highly reminiscent of the arguments favoring interest given by medieval Christian theologians. Three centuries before pro-interest Calvinism reached its full stride, the slippery-slope justifications that marked the beginning of the end of the Church’s interest prohibitions began, most openly, in the 13<sup>th</sup> century with the introduction of a time-based penalty charge on an interest-free loan.

The charge was called “interesse.”

About a hundred years later, this charge evolved into one that could be incorporated into the contract itself as part of the loan, not just as a penalty for late payment, but as a charge just for the use of the funds.<sup>5</sup>

The last stage of this recidivism came in 1920 when the Church itself issued the following statement: “...in lending a fungible thing, it is not itself illicit to contract for the payment of the profit allocated by law, unless it is clear that this is excessive, or even for a higher profit, if a just and adequate title be present...”<sup>6</sup>

Even the modern dictionary attests to the true origins of the word “usury”: “1. the practice of lending `money at an exorbitant interest rate. 2. an exorbitant amount or rate of interest. 3. *Obs.* Interest paid for the use of money...”<sup>7</sup> The first two definitions are the norm, the third, the point. That it became obsolete (“*Obs.*”) is testament to the fact that usury was once regarded as none other than non-exorbitant interest.

From the beginning of Islam to the present day, the overwhelming majority of Muslims, both scholars and laymen, have regarded *riba*, usury, and interest as but one in meaning. To follow this is to follow the words of the Prophet (Allah bless him and give him peace) to “adhere to the *jama’*a (overwhelming majority of Muslims).” (Ahmad)

## **2. How does interest harm society? Isn’t it a necessary part of every economy.**

Muslim societies are a living example of the debilitating effects of interest-based finance. Most sadly reflected in just about every Muslim country in the world, with daily-ballooning interest payments to the World Bank, International Monetary Fund, and other industrialized nations’ agencies; notably, at low rates of interest. Interest payments that, quite unproductively, draw valuable funds away from healthcare, education, sanitation, infrastructure, and any number of other governmental responsibilities.

Debt creates dependence, and dependence provides the opportunity for control.

The following two passages are particularly relevant for those who claim that interest-based development actually works:

“According to UNICEF, over 500,000 children under the age of five died each year in Africa and Latin America in the late 1980s as a direct result of the debt crisis and its management under the International Monetary Fund’s structural adjustment programs. These programs required the abolition of price supports on essential food-stuffs, steep reductions in spending on health, education, and other social services, and increases in taxes. The debt crisis has never been resolved for much of sub-Saharan Africa. Extrapolating from the UNICEF data, as many as 5,000,000 children and vulnerable adults may have lost their lives in this blighted continent as a result of the debt crunch.”<sup>8</sup>

“Debt is an efficient tool. It ensures access to other peoples’ raw materials and infrastructure on the cheapest possible terms. Dozens of countries must compete for shrinking export markets and can export only a limited range of products because of Northern protectionism and their lack of cash to invest in diversification. Market saturation ensues, reducing exporters’ income to a bare minimum while the North enjoys huge savings. The IMF cannot seem to understand that investing in...(a)

healthy, well-fed, literate population...is the most intelligent economic choice a country can make."<sup>9</sup>

Further, price inflation and increased market volatility, the usual concomitants of a highly leveraged economy, affect poor and rich countries alike. To add to this, poorer, debtor countries typically find their currencies devaluing as they struggle to repay loans in their creditor's currency.

The realistic alternative to debt is the one already employed to good use in successful Western economies: equity, upon which most Islamic finance products are based. In comparison to debt, equity provides the most resilient and least damaging source of capital for individuals, businesses, and economies.

Besides the ravaging macroeconomic effects of debt, problems also appear at the level of the individual. A 2001 study at Bath and Exeter reveals that students who fear they may fall into debt are four times more likely to suffer from depression.<sup>10</sup> For those students who are *actually* in debt, the numbers may be worse.

The correlation between indebtedness and illness is particularly alarming given the widespread use and social acceptability of interest-based consumer finance, including home financing, which also offers the all too convenient option of multiple mortgages.

Debt finance expands the range of possibilities available to us, and for some, to unsustainable levels, making it possible to own things one cannot afford with money one may never have. Allah's command, after all, is not intended for His benefit, but for our own.

Islam recognizes that the choices we make as individuals affect all society, and that to support an interest-based institution, even with a seemingly benign conventional home loan, is to support the broader framework of banking institutions largely responsible for today's widespread global poverty.

### **3. Does Islam permit conventional mortgages?**

A conventional mortgage is a loan of money on which interest is charged. It constitutes a cash loan advanced by a bank or mortgage agency to finance the purchase of a property. The homebuyer agrees to repay the principal in addition to making an interest payment, while nonpayment of either entitles the bank to seize title. Some money today for more money tomorrow.

The lender takes no equity position in the property. The lender provides no service. There is no usufruct of the lender's assets. The lender provides only some cash today for more cash tomorrow. Riba, no less, and forbidden.

#### **4. Aren't Islamic home financiers simply changing labels, replacing "interest" with "rent"? What's the difference between a conventional mortgage and an Islamic home financing?**

Shariah-compliant Islamic banks, which certainly does not represent all of them, use one of three forms of home financing: 1) Diminishing Musharakah (also called "declining partnership" or "declining balance"); 2) Ijarah; and, 3) Murabaha.

Very briefly, in a Diminishing Musharakah, the Islamic bank and the client purchase the property jointly. The client moves into the property and begins acquiring the bank's equity in the property while paying rent in proportion to the bank's remaining equity, with each successive rental payment "diminishing" to the extent of the bank's reduction in its share of the property.

In an Ijarah, or Islamic lease, the bank, acting as lessor, acquires a property and rents it out to the lessee client. Much later, as part of a separate agreement, the bank offers to sell the property to the client.

In a Murabaha, or cost-plus financing, the client selects a property and the bank acquires it. The bank adds its profit and sells the asset to the client at an agreed upon price on a deferred, usually installment, basis. No different from the shopkeeper who sells goods (not money) on credit. For the purposes of facilitating execution, it is permissible for the client to act as the bank's agent, provided the risk of ownership resulting from this agency role devolves back to the bank.

The key difference between a conventional mortgage and an Islamic home financing is that a conventional mortgage involves the loan of cash on interest, whereas an Islamic home financing is strictly the exchange of an asset. Each of the above transactions involves an asset and actual ownership by the bank. Ultimately, the bank must own some (Diminishing Musharakah) or all (Ijarah and Murabaha) of the asset for it to be Islamically acceptable.

Exact conditions related to timing, usufruct, and the proper allocation of potential penalty charges (to a designated charity), among other things, govern these Islamic products. When things go wrong, the fact of the Islamic bank having undertaken the liabilities associated with asset ownership makes all the difference.

So while "changing labels" is, alas, true in the case of some "Islamic" banks, to make a blanket statement condemning the entire Islamic banking industry as fraudulent is simply inaccurate. If only to earn the reward for having tried, one should probe a bit further into a bank's dealings, at the very least, by asking a relied upon traditional scholar about the qualifications of the bank's Shariah board.

**5. Isn't home ownership an important step in establishing Muslim minorities in the West? Surely, that should make conventional mortgages permissible.**

As a general Shariah principle, avoiding harm takes precedence over seeking benefit.

Establishing Muslim communities is important, but not at the level of the obligation of avoiding the enormity of dealing in interest. With Islamic home finance options readily available in most areas where large Muslim populations reside, there is no need to resort to conventional mortgaging to build communities of Muslim homeowners.

**6. What about necessity (dharura)? Are there any situations in which conventional mortgages are permissible?**

In the words of the respected Damascene scholar Sheikh Muhammad Sa'id Ramadan al-Buti:

"The necessity which allows usurious loans is the same necessity which allows eating the meat of a dead animal, pig and the like, in which case the one necessitated is exposed to perish from hunger, nakedness or losing lodging. Such is the necessity, which makes such prohibitions lawful."<sup>11</sup>

And in the words of another leading scholar, Sheikh Wahba Zuhayli:

"...only when there is absolute distress (dharura qaswa) in which all the conditions of genuine distress are fulfilled. In such situations, it would only be permitted to the extent of the distress, such as someone being unable to find a house through rental, for example, and if they don't take a mortgage they'll actually end up sleeping on the street or end up hungry such that they'll have genuine fear of death. This is the criteria for the genuine distress that would entail an exception."<sup>12</sup>

**7. Imam Abu Hanifa said that there is no riba in Dar al-Harb (lands where the rules of Islam do not exist), basing his opinion on a hadith<sup>13</sup>. Doesn't this entitle me to take a conventional mortgage?**

The traditional schools of Islamic jurisprudence consist of rulings and methodologies that rely on the expertise of a body of scholars who base these rulings and methodologies on a specific socio-economic context. It is not simply a matter of lifting an opinion from a classical jurist and inserting it, decontextualized, into a modern framework. The job of today's scholars is to apply the interpretive tools of their respective schools within this framework.

The position of the Hanafi school and the Hanafi scholars with whom we spoke, including several leading muftis specializing in Islamic finance, is that one is not

permitted to deal in riba, whether in Muslims lands or non-Muslim lands, and whether with Muslims or non-Muslims.

**8. I don't qualify for an Islamic home financing and I can't afford to rent. But I do qualify for a conventional mortgage. Can I then enter into a conventional mortgage since this is my only reasonable option?**

As Sheikh Muhammad Sa'id Ramadan al-Buti's states, quoted from above, "the necessity which allows usurious loans is the same necessity which allows eating the meat of a dead animal, pig and the like, in which case the one necessitated is exposed to perish from hunger, nakedness or losing lodging."

In such a case one is expected to explore *all* possible alternatives, including the inconvenience of a longer commute, the prospect of a less desirable neighborhood (provided it is not clearly dangerous or harmful), or, in the longer term, seeking work in another city.

The monthly payments on a conventional mortgage, after adding principal and interest, property taxes, and the usual expenditures that go with home ownership, come to an amount similar to renting property, and in many localities, an amount greater. Often we impose a pre-conceived limit on the kinds of options available to us before we fully explore all of these options.

**9. Can I live in a conventionally mortgaged house that somebody else bought for me as a gift and is currently making payments on?**

Scholars have permitted one to live in such a house, though it is still best avoided. Of course, one is not permitted to assist in the decision-making process or transaction of obtaining the property through unlawful means.

**10. Why do Islamic banks charge more for a home financing than a conventional bank? How is that Islamic?**

Rates are a function of market dynamics. Not sincerity.

In more mature Islamic finance markets, it is cheaper to purchase property using Islamic finance than it is to borrow funds through a conventional bank.<sup>14</sup>

Growing market competitiveness, and the resulting growth in volumes, ensures that financing rates will continue to fall. Islamic banks in the West are catching up. On the supply side rates continue to fall as more Islamic home finance providers enter the

market, while on the demand side a rapidly growing and increasingly sophisticated customer base asks for greater Shariah compliancy at competitive rates.

In relation to conventional mortgage transactions, which number in the millions each year in the US and UK, Islamic home finance transactions are but a fraction. But within only a few years, Islamic banks in the West have made considerable strides in lowering financing rates, with one Islamic home finance provider stating that their product is “no more expensive than a 30-year fixed-rate (conventional) product...”<sup>15</sup>

### **11. Islamic banking is inherently less competitive because extra paperwork for Shariah-compliancy means higher costs.**

This returns to the above point about scale, and the need for greater volumes to bring rates down. Shariah compliance is less a matter of additional paperwork, though additional paperwork is often necessary, than a matter of properly executing existing paperwork. Even so, demonstrable costs associated with collapsing conventional banks and their associated products, most tellingly seen in the global financial crisis, far outweigh any perceived or real costs associated with Islamic finance and the additional steps necessary to legitimize a contract.

### **12. What about the moral hazard of Islamic banks using their own paid for Shariah boards?**

Shariah advisors are paid a fee for their services regardless of their legal opinions. These opinions are not commission-based, volume-based, or linked to the success of any given transaction. The Shariah advisor plays an auditory role, not a marketing role, so there is no financial incentive for the advisor to win hearts.

And given the relative simplicity of Islamic banking products, and the fact that industry-wide Shariah standards<sup>16</sup> are accessible to everyone, including customers, central bank regulators, and independent auditors, means that there is little room for advisors to exercise personal agendas.

Notwithstanding the handful of scholars whose fringe positions are well known to the industry, if there is a worldly motive that a Shariah advisor might aspire to, it is the need to preserve his reputation. And in an industry in which the number of institutions entering the market far outpaces the number of qualified scholars available to serve them, reputations are paramount.

The way that one ensures that an Islamic product is Shariah-compliant is to speak directly to the Islamic bank and then check their responses against the opinions of a qualified scholar.<sup>17</sup>

**13. In an Islamic home financing, the rent follows the rate of interest and is always a certain percentage above the base rate. Does this mean that the rent is simply replacing the interest to make it sound permissible?**

Interest is forbidden on the basis of it representing “rent” on the use of cash. The concept of benchmarking, on the other hand, in which rental rates are measured against a well-known benchmark, like the US Federal Funds Rate or LIBOR (London Inter-Bank Offered Rate), constitutes a *measurement*, not an actual interest charge.

Scholars cite the example of selling wine: a Muslim vendor selling juice would be perfectly entitled to measure the price of his product against those of his wine-selling competitors in order to remain competitive.

The variation in rental rates after the contract is signed could be a potential source of uncertainty leading to dispute (*gharar*), but scholars provide two mitigants: 1) mutual agreement by both parties to benchmark against a well-known measure; and 2) flooring and capping of rate levels. While scholars permit benchmarking, they acknowledge that it is the less ideal (though still no less permissible) alternative to a truly Islamic measure such as an asset-based benchmark.

**14. Islamic banks use the word “interest” in their documentation. Is this permissible?**

In the absence of government documentation specific to Islamic home financing in most countries, Islamic banks are required by law to use conventional home mortgage contracts, including those that use the word “interest” in their documentation. Scholars state that this does not compromise the permissibility of the transaction, saying that the legal substance – and reality – of an Islamic home financing contract is not affected in this case by a third party’s terminological usages.

**15. Islamic home financiers require clients to engage in insurance. Is this permissible?**

Given that property insurance is a legal requirement in most, if not all, localities in the West, and given that properly capitalized Islamic cooperative insurance (*takaful*) options do not exist in the West, scholars have allowed the use of conventional property insurance for homebuyers.

**16. Islamic banks use credit scores similar to the ones conventional banks use to check on the eligibility of a potential homebuyer. Is this permissible?**

Credit scoring, among other risk assessment measures, is only a measure. Just as one would check on the credentials of a business partner before entering into a partnership, so too, an Islamic bank checks on the customer before entering into what amounts to an actual partnership.

Credit scores provide institutions with a clearer understanding of a prospective customer's credit worthiness. In order to be sustainable and continue to provide Muslims with Shariah-compliant financial alternatives, Islamic banks must remain financially stable, and credit scores are an indispensable tool for promoting this stability.

**17. If I am not allowed to take a conventional mortgage, am I permitted to work in the conventional real estate business?**

The Prophet (Allah bless him and give him peace) said in a rigorously authenticated (sahih) hadith, reprinted from above:

“The Messenger of Allah (Allah bless him and give him peace) cursed whoever eats of riba, feeds another with it, writes an agreement involving it, or acts as a witness to it.” (Muslim)

Assisting in an act of disobedience is an act of disobedience.

As it relates to the real estate business, one should not be involved in the solicitation, execution, or any form of assistance, of an interest-based conventional mortgage, though scholars have permitted accountants and others to make post-transaction records in financial statements and the like.

Growing globally at an annual rate of 15-20%<sup>18</sup>, and considerably faster in some countries, career opportunities in Islamic banking abound, particularly for those already familiar with conventional finance, as many real estate professionals are.

**18. How do some banks, claiming to be “Islamic”, trick me?**

While there is no end to the possibility of indiscretion on the part of insincere “Islamic” bankers and lawyers, the customer's final line of defense, amid the paper shuffling, is a quiet read of the actual contract.

Whether in a Diminishing Musharakah, Ijarah, or Murabaha contract, if the financier never owns the property, one is not engaged in an Islamic home financing transaction.

One “Islamic” home finance provider in North America claims to “conceptually own the shares in its name as expressed as a lien on the property,” while another provider, this time in Australia, “assumes an interest in the property (‘rights’) other than a right to possession.”

According to scholarly consensus, neither of these represents actual ownership.

These banks effectively charge rent on a claim or a right (as opposed to the valid rent on an asset, service, or usufruct), a practice not acceptable to regulatory bodies.

In the absence of a governing regulatory body that unifies and imposes global Shariah standards, customers are on their own. The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) is widely regarded as the industry’s leading standard-setting body, and may one day provide the criteria for global licensing and auditing, but it currently only serves as a guide, not as a watchdog.

Even so, as one bank learned when it was stripped of its “Islamic” label by its government regulators, word gets around.

### **19. The concept of ownership has changed since the classical jurists first formulated their rulings.**

Some have argued for a new theory of ownership, stating that, among other financial innovations, a lien represents a new form of conceptual ownership that did not exist when the classical jurists declared all forms of riba forbidden.

First, secured lending was not foreign to classical jurists. Second, a conventional mortgage is a lien against a property, not an interest in it. The liabilities associated with the property never return to the lender. Not convinced? Light a bonfire in your front lawn this weekend and see who the authorities fine, you or the lender.

On the other hand, look at the assets side of an Islamic bank’s balance sheet and you will find actual home ownership<sup>19</sup>, unimaginable to a conventional bank.

### **20. Interest is now customary practice in most of the world. Don’t rulings change in the Shariah when something becomes customarily acceptable?**

Customary practice (‘urf) affects rulings related to the permissible, not the decisively prohibited.

As always, changes in rulings are subject to the agreement of qualified scholars, who must possess, among other things, a highly sophisticated understanding of the primary texts, classical Arabic, the rulings and methodologies of previous scholars in their

respective schools, a thorough understanding of the needs of our time, and deep familiarity with the specific topic the ruling relates to, in this case, finance and economics.

**21. After much thought, I have decided to leave interest-based finance. What should I do now? What happens to the mortgage and the property?**

Allah says: "And those who, when they do an evil thing or wrong themselves, remember Allah and implore forgiveness for their sins - Who forgives sins save Allah only? - and will not knowingly repeat (the wrong) they did." (Quran 3:135)

The Prophet (Allah bless him and give him peace) said in a rigorously authenticated (sahih) hadith: "There is no one who commits a sin, goes and performs ritual ablutions, and then prays two rakats after which they seek Allah's forgiveness except that He forgives them." (Tirmidhi)

Imam Nawawi says in *Riyad al-Salihin*: "Sincere repentance consists of abstaining from the sin instantly, having a firm intention not to be involved in that sin again and being remorseful and regretful of one's actions."

One takes the means to extricate oneself from the mortgage: one would be religiously obligated to remove oneself from the situation, and when not reasonably possible, to repay the loan as quickly as possible by the most effective means available to one; most readily by reducing one's expenditure and, if possible, taking interest-free loans from friends and family. Ownership in the house itself and proceeds from its eventual sale are both considered lawful. A number of Islamic banks now offer refinancing options that convert one's conventional mortgage into its Shariah-compliant equivalent.

And Allah knows best.

---

Notes:

1 "Usury." Encyclopaedia Britannica. 2005.

2 Usmani, Muhammad Taqi (Justice Mufti). Contemporary Fatawa. Karachi: Idara-e-Islamiyat, 2001. According to scholarly consensus, this ruling applies equally in a fiat currency environment. For further reading, Mufti Taqi Usmani's "Text of the Historic Judgment on Interest" provides excellent responses to common arguments in favor of commercial interest; the entire text is available at [http://www.albalagh.net/Islamic\\_economics/](http://www.albalagh.net/Islamic_economics/)

3 "Banks and Banking." Encyclopaedia Britannica. 2005.

4 Gibbon, Edward. The Decline and Fall of the Roman Empire. New York: Random House Everyman's Library, 1993.

5 El Diwany, Tarek. The Problem With Interest. London: Kreatoc, 2003.

6 *Codex Iuris Canonici* (Rome, 1920). This position contrasts sharply with the original Biblical prohibitions of interest: Exodus 22:25, Leviticus 25:36, Leviticus 25:37, Deuteronomy 23:19, Deuteronomy 23:20, Nehemiah 5:7, Nehemiah 5:10, Psalm 15:5, Proverbs 28:8, Isaiah 24:2, Jeremiah 15:10, Ezekiel 18:8, to name only a few.

7 Random House Dictionary (New York, 2001). Word entry: "usury."

8 Buckley, Ross, "The Rich Borrow and the Poor Repay: The Fatal Flaw in International Finance." World Policy Journal (2002/2003).

9 George, Susan. A Fate Worse Than Debt. New York: Grove Weidenfeld, 1990.

10 "Students Depressed by Debt Burden," BBC News, September 23, 2001:  
<http://news.bbc.co.uk/1/hi/education/1559910.stm>

11 "Shaykh Buti on Riba in the West," Sunnipath.com, May 16, 2003:  
[http://qa.sunnipath.com/issue\\_view.asp?HD=1&ID=408&CATE=43](http://qa.sunnipath.com/issue_view.asp?HD=1&ID=408&CATE=43)

12 Zuhayli, Wahba, Al-Mu`amalat al-Maliyya al-Mu`asira. Damascus, 2002.

13 For a complete discussion, see section w43.0: Al-Misri, Ahmad ibn Naqib. Reliance of the Traveller. Maryland: Amana Publications, 1999.

14 Based on a survey of rates at Meezan Bank (Islamic) and Prime Bank (conventional), conducted by Fareed Agha (Pakistan, Summer 2005).

15 Norris, Kim. "Faith, finance forge new path." Detroit Free Press August 6, 2005.

16 See: Accounting and Auditing Organization for Islamic Financial Institutions (2005). Shariah Standards. Bahrain: AAOIFI

17 See: [www.sunnipath.com](http://www.sunnipath.com) for detailed and reliable answers to commonly asked questions answered by qualified scholars and those able to contact them directly.

18 Euromoney Books (2005). Islamic Retail Finance Handbook. London: Euromoney.

19 Under the line item "Financings," for instance, at Meezan Bank; Siddiqui, Ahmed Ali (Manager, Product Development and Shariah Compliance, Meezan Bank, Pakistan). Telephone interview. 7 November, 2005.