



Analyzing the Gradual Revelation and Wording of *Riba* (Interest) Verses in the Holy Qur'an Considering the Commerce, Finance and *Infaq* System of Islam

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Abstract: In this study, the gradual prohibition of interest (*riba*) in the Holy Qur'an, reasons, the specific language and wording, and outcomes are discussed. Prohibition of interest in Qur'an became gradually true as it happened in some other issues. In fact, there exist thirteen verses in total regarding the issue of interest in the Holy Qur'an. Three of them are the verses which recommend Muslims not to end up like others instead of prohibiting interest strictly by decrying the usage of interest, rather advising zakat, and expressing the disasters that Jews had experienced since they violated this rule in the past. On the other hand, the other ten verses prohibit interest strictly and were revealed later towards the end of revelation. Moreover, it is a widely known narration that the verses regarding interest in surah al-Baqarah were revealed in the last days of revelation. Some of the verses prohibiting interest, directly declare the ban while others are related to awards and sanctions as a kind of remuneration for following or not following the commands. Some of the important characteristics of the verses prohibiting interest are as follows: Following a gradual course in terms of time, extension of the prohibition of an old practice over a period of time, that the revelation of the prohibited verses occurred towards the end of revelation, that the language used is very harsh compared to other practical prohibitions, and that the sanctions for violators are valid for both this world and the hereafter. The reason is that the use of interest has significantly been differentiated from other prohibitions by plugging the issue into the obedience to Allah and his Prophet as well as considering the subject as a matter of faith in Islam. The Holy Qur'an states this reasoning as "... that is because they say: 'Trade is like usury' But Allah has permitted trade and forbidden usury..." in surah al-Baqarah (275).

Keywords: *Riba*/interest/usury prohibition in Holy Qur'an, verses on interest, *riba*/interest in Islamic finance and banking.

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Introduction

Undoubtedly, one of the main distinguishing features of the Islamic economic system is the prohibition of interest as it is strictly unacceptable in the Islamic world and its economic thought to earn money through the cash in hand without exert-

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ing effort and bearing any risk. The unconditional existence of such a claim, especially in a world where the financial system has grown up to the utmost and where the interest transaction is irreplaceably at the core of the system, it is required to present whole alternative itself instead and not something as part of the existing system. As the Qur'an touches on the issue of interest, it rejects and forbids with a strict language an interest-based system that is tried to be placed against and has the potential to damage a fair economic thought that provides a trade-centric system. Therefore, it is more accurate to mention that the prohibition here does not only target the Muslims individually, but rather deals generally with the fundamentals of an economic system in a Muslim-ruled nation.

Moreover, when the Qur'anic verses on interest are examined, a gradual banning period is seen like other issues forbidden for Muslims during its revelation (*nuzool*). However, unlike other prohibitions, here is a strong language used for punishment over disobeying the rule. According to us, the basic reason for it is, Allah's will of a social and economic order to rule on earth that is essentially established on right and justice and that interest is the key violator of this order. When it is considered that the issue of interest, either this way or that way, is one of the most violated prohibitions of the Qur'an among the modern-day Muslims, it is extremely important to understand how this topic is handled in the primary resource of it, the Holy Qur'an. Although the issue of interest is still at the center of the studies in Islamic Economics and its sub-disciplines; Islamic finance and banking, the researches on its logic and how it is handled in the Qur'an are not sufficient. This study aims to contribute to this understanding through today's economic jargons with the consideration of some (Qur'anic Commentary-*tafsir*) books' interpretation. While doing this, an analysis of the verses will be made according to their order of revelation (*nuzool*).

Riba, Interest and Usury

In Arabic, *Riba* means "hill, bump or increment". In fiqh (Islamic law), the term is described as an "increment that is accrued or conditioned during a sales contract and exchange of certain assets in certain styles as well as a stipulated increment during the repayment of loaned goods" (Karaman, et al., 2006, pp. 430-31).

Today, there is a discussion on whether the word *Riba* means *interest* or *usury* (Ahmad, 2003, p. 454). The *riba* or interest which was also known as *riba* in *jahiliyyah* (pre-islamic age of ignorance) when the verses concerning it were revealed, it

meant 'loan of money by an individual to someone in need on condition of returning the money with some interest and asking for the money back with an excessive interest if the borrower failed to pay it back when it was due.' As there is not a reasonable rate set neither by the government nor the market in terms of how much increment to be asked for, the issue totally depends on the borrower's need and the mercy of the lender. Within the frame of this meaning, there are some who consider this *riba* as today's 'usury' and thus don't believe that it covers the 'interest' given by the banks. Yet the lender-borrower relation and the interest rates are no longer carried out by lenders as were in *jahiliyyah* periods, but are set by institutionalized banks. It is claimed that the interest rates set by the banks are different than usury because they either are designated by the public/monetary authority or the money market, and that they are therefore judicially, economically and socially legitimate and not excessive. From this point of view, some have defended the idea that the *riba* prohibition of Qur'an is not valid for the interest regulations of today's financial institutions.

However, it is known that the economy and the banking sector are also able to take advantage and apply excessive rates depending on; the level of competitiveness nationally and internationally, the available funds of the lender, the height of opportunity costs and, the borrower's level of need, reliability and ability to pay. Usury, that is generally scrutinized within the framework of 'crimes against public' in law, is a 'type of loan contracted by natural or legal entities who do not comply with the credit conditions of banks to unauthorized individuals or institutions through unregistered means, exceeding either the official or the market-designated rate' (Köken, 2016, p. 78.).

However, when the meanings of the *riba* verses in Qur'an are examined thoroughly, it is understood that getting the debt fundamentally back with a surplus value is unconditionally banned. Instead, merchandise trade and trade in services as well as *zakat* (obligatory charity in Islam) and *sadaqah* (donation given voluntarily in Islam) are recommended. It is obvious that verses on *riba* order a fair economic system that is based on sharing with moral principles on the contrary of a system that exploits the ones in need and merely enslaves them.

Gradual Revelation of *Riba* Verses and the Difference in their Wording

In total there are 13 verses in the Holy Qur'an concerning *riba* (interest). These verses are of two kinds; few (three of them) of these verses, which are the firstly revealed ones on this issue, are not firmly related to the prohibition of *riba* but only

discredit it. Other verses (10 of them) were revealed later (in fact some of them were revealed towards the end of revelation) and precisely ban *riba*. One of the verses which do not directly forbid *riba* but recommend indirectly to avoid it, is in surah ar-Rum (39), whereas the other two are found in surah an-Nisa (161-162). Two of the verses that strictly mention the prohibition of *riba* are in surah aal-Imran (130-132) and seven of those are in surah al-Baqarah (275-281).

The prohibition of *riba* has taken place in four phases (Karaman, at al., 2006, pp. 670-71). In the first phase, the verses discourage dealing in *riba* instead of banning it completely (ar-Rum, 39). In the second phase, *riba* again is not directly banned, however, the calamities that the Jews went through due to their disobedience to its prohibition are narrated and along with that believers are advised to avoid falling into the same situation (an-Nisa, 160-161). In the third phase, the first group of verses that certainly ban *riba* with some particular wording was revealed (aal-Imran, 130-132). The fourth phase contains the last group of verses that strictly prohibit *riba* (al-Baqarah, 275-281).

The First Phase in Revelation of Riba Verses: Encouraging Zakat and Discouraging Jahiliyyah Riba

During the revelation of the verses concerning interest, the first group of them aims to prepare the believers to the upcoming ultimate ban by indirectly discrediting *riba* instead of prohibiting it in an exact wording. The first of these verses and the first phase are explained in the verse 39 of surah ar-Rum that was revealed in Makkah period. The text and the meaning of the verse are as follows:

وَمَا أَتَيْتُمْ مِنْ رَبًّا لِيَرْبُوهَا فَيَأْتِيكُمْ مِنْ رَبِّهَا فَتَرَوْنَ أَنَّهَا تَرْبُوْنَ
فَأُولَئِكَ هُمُ الْمُضْعِفُونَ

“Whatever you may give out in usury so that it might increase through [other] people’s possessions will bring [you] no increase in the sight of God whereas all that you give out in charity, seeking Gods countenance, [will be blessed by Him:] for it is they, they [who thus seek His countenance] that shall have their recompense multiplied” (ar-Rum, 39).

This verse that is the first of its kind, indirectly recommends not to deal in *riba*, instead of banning it directly. The language of the verse is used in a way to prepare the Muslims for the upcoming verses that will strictly ban *riba*. It suggests zakat instead of the excessive interests of the *jahiliyyah riba* which were implemented with

composite calculation when debts were not paid in due time as well as mentions zakat as being plentiful, and not the interest. Here, the Qur'an openly recommends not putting the borrowers in a more difficult situation but relieving their burden; in other words, *'the upper [giving] hand is better than the lower [taking] hand'*.

The Qur'anic method directed to remove an already existing incorrect practice is a gradual approach that pays attention to the sociological adaptation of the society.¹ In other words, during the revelation of the Qur'an, a process is preferred that targets to gradually persuade and lead people's minds to accept the order, instead of suddenly removing the long-lasting traditions. Without doubt, Allah is the only one who knows the social behavior and the adaptation process of the human being whom He created himself.

The Second Phase in Revelation of Riba Verses: Reminder of Riba's Prohibition in previous Religions too

The second phase in the revelation of *riba* verses is explained in the verses 160 and 161 of surah an-Nisa that was revealed in Madinah period. The text and the meaning of the verses are as follows:

فَيُظْلَمُ مِّنَ الَّذِينَ هَادُوا حَرَّمًا عَلَيْهِمْ طَيِّبَاتٌ أُحِلَّتْ لَهُمْ وَبِصَدِّهِمْ عَنِ سَبِيلِ اللَّهِ كَثِيرًا (١٦٠)
وَأَخَذَهُمُ الرِّبَا وَقَدْ نُهُوا عَنْهُ وَأَكَلِهِمْ أَمْوَالَ النَّاسِ بِالْبَاطِلِ وَأَعْتَدْنَا لِلْكَافِرِينَ مِنْهُمْ عَذَابًا أَلِيمًا (١٦١)

"So, then, for the wickedness committed by those who followed the Jewish faith did We deny unto them certain of the good things of life which [aforetime] had been allowed to them; and [We did this] for their having so often turned away from the path of God and [for] their taking usury although it had been forbidden to them, and their wrongful devouring of other people's possessions. And for those from among them who [continue to] deny the truth We have readied grievous suffering".

Instead of banning the interest directly in the verses above, Allah advises the believers to avoid a similar situation by telling what kind of calamities the Jews had gone through as they did not obey the order. Here, one point which is worth

1 One of the best examples on this issue is the ban on drinking alcohol. The prohibition of alcohol for Muslims was revealed respectively in Surah an-Nahl (verse 67), al-Baqarah (verse 19), an-Nisa (verse 43) and al-Ma'idah (verse 90-91). The same situation was applied for the penalty regarding the violators of the adultery ban: First, Surah an-Nisa (verse 15), then Surah al-Noor (verse 10) was revealed. Similarly, the obligation of prayer (salaah) for the Muslims gradually took place. While it was obligatory to pray twice (two rakats each at dawn and evening) at the beginning, it changed to present-day's five times prayer in the forthcoming years.

mentioning is that the interest was prohibited also in pre-Islamic revealed holy texts and that the divine message was inherently the same since the very beginning which aimed to establish justice and remove injustice from the earth.²

The Third Phase in Revelation of Riba Verses: Prohibition of Jahiliyyah Riba

In the revelation of *riba* verses, the second group of verses bans *riba* in a certain language. Those can be found in two different surahs in Qur'an according to their order of revelation (aal-Imran and al-Baqarah) and the verses in each surah are consecutive (Karaman, et al., 2006). In other words, two of the verses in surah aal-Imran follow each other as do the seven verses in al-Baqarah. As it is seen, the verses on interest were revealed in a sequence with a content integrity in certain parts of the Holy Qur'an. While some of these verses include a certain language on the prohibition of interest (aal-Imran 130, al-Baqarah 175-176, 178-179), others deal with the punishment in case of disobedience or the reward to be given in case of obedience (aal-Imran, 131, 132; al-Baqarah, 177, 180-181).

The first group of verses which strictly bans interest in the third phase consists of the verses 130, 131 and 132 of surah aal-Imran which were revealed in Madinah period. The verses in this phase will be analyzed separately. First of these is the verse 130 of surah aal-Imran and its meaning are as follows:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُضَاعَفَةً وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ

"Oh you who have attained to faith! Do not gorge yourselves on usury, doubling and re-doubling it - but remain conscious of God, so that you might attain to a happy state."

2 The present Torah (The Old Testament) mentions interest loan three times. In the first one, the Jews are asked not to use interest while interacting with each other: "If you lend money to My people, to the poor among you, you are not to act as a creditor to him; you shall not charge him interest" (Torah, Exodus: 22-25). In the Second, the ban on interest is discussed more thoroughly: "Now in case a countryman of yours becomes poor and his means with regard to you falter, then you are to sustain him, like a stranger or a sojourner, that he may live with you. Do not take usurious interest from him, but revere your God, that your countryman may live with you. You shall not give him your silver at interest, nor your food for gain" (Torah, Leviticus: 25-35, 37). The third describes a more distinctive characteristic of the issue: "You shall not charge interest to your countrymen: interest on money, food, or anything that may be loaned at interest. You may charge interest to a foreigner, but to your countrymen you shall not charge interest" (Torah, Deuteronomy: 23:19, 20). As seen, all kind of interest is banned among Jews in Torah, and it is only permitted while trading with non-Jews (Deniz, 2006, p. 6). On the other hand, in Christianity, the church was against and did not lean towards interest and credits until mid 13th century (A.D.). In Bible's Book of Luke, there are these verses on interest: "...And if you lend to those from whom you hope to get money back, what credit can you expect? Even sinners lend to sinners to get back the same amount. Instead, love your enemies and do good to them, and lend without any hope of return. You will have a great reward" (Bible, Luke: 6:34-35). However, interest has started to become legitimate among the Christian societies in Middle Ages under the teachings of John Calvin (1509-1564) (Bekci, Apali & Apali, 2014, p. 6).

This revealed verse that strictly bans interest for the first time (aal-Imran, 130) defines the *jahiliyyah riba* (*riba al-jahiliyyah*) as an extremely merciless type of *usury*. The *jahiliyyah riba* was practiced in pre-Islamic periods by the *jahiliyyah* Arabs, where the borrower was abandoned to the mercy of his lender who dramatically raised the amount of the existing loan after extending the term and restructuring the repayment if the borrower would fail to pay the money owed in due time. To express this in today's financial language, if a borrower fails to repay the loan in due time, unless indicated otherwise at the beginning of the term, the lender increasingly multiplies the amount of the principal sum and the interest combined while requiring the money back. With today's calculation of compound interest, if the borrower becomes overdue, he is held responsible for the combination of the principal sum of the loan, the previously-accumulated interest and the additional interest on the two.

Due to this reason, some claim that the interest regulations, specified by the banks at the beginning of the terms (when other factors designating the inflation and interest rates are taken in consideration) and calculated more reasonably (through simple or other methods), are not part of the prohibitions in the Holy Qur'an. However, one of the main principles of Islamic finance, without doubt, is that the economic rate of return is not certainly set at the beginning of the term as an income which discards risk cannot be Islamic. Moreover, the verses in surah al-Baqarah, which were revealed later, abolish the validity of this thought. Therefore, a specific emphasis is placed here on the type of interest that was only commonly practiced at that period. As stated before, Qur'an has adopted a gradual method while banning an ongoing false practice.

At this level, it is worth mentioning that: It can be said that this verse which orders the prohibition of interest at the first stage, aims actually to completely remove the extreme type of oppression that was implemented by wealthier people on the poor during the *jahiliyyah* period. Yet, Prophet Muhammad's hadith "*Be careful! All of the riba of Jahiliyyah is annulled*" (Ahmad, 2003, p. 454) he said on the day Makkah was conquered, confirms this sensibility. Therefore, Holy Qur'an at the very first stage aimed to end an ongoing social problem by removing the *jahiliyyah riba* with clearly open statements. The following verse indicated that it was impossible to maintain such a practice for the believers and that the punishment for the violators would be very harsh (the hellfire). In the succeeding verses, the issue of interest in trade exchange was discussed and an alternative was even mentioned. The text and the meaning of the third phase's surah aal-Imran's verse 131 and its meaning are as follows:

وَاتَّقُوا النَّارَ الَّتِي أُعِدَّتْ لِلْكَافِرِينَ

“Beware of the fire which awaits those who deny the truth!”

This time, Allah explains a very severe punishment for those who don't obey to his advice (*“Beware of God that you are in salvation”*) and continue to charge interest. This punishment is described as a special fire, prepared for the unbelievers in the hereafter. The severity of the penalty on those who get involved in interest indicates that the issue has a very particular place among the *harams* (forbidden acts in Islam) in the eye of Allah. According to us, the reason for it is Allah's will of a completely right and justice-based rule of social and economic order on earth and that interest is the key violator of such an order.

Yet the verse 81 of surah al-Isra *“...and say: Truth has (now) arrived, and Falsehood perished: for Falsehood is (by its nature) bound to perish”* is an open declaration of the Qur'an in that sense as Islam has arrived to remove all kinds of oppression and to establish justice. Therefore, Islamic scholars said that 'a state/nation can remain standing with corruption but can never be everlasting with tyranny' (Nizam'ül-Mülk, 1941, p. 5) and the idea that 'justice is the foundation of the state' was accepted. The text and the meaning of the third phase's surah aal-Imran's 132 verse and its meaning are as follows:

وَأَطِيعُوا اللَّهَ وَالرَّسُولَ لَعَلَّكُمْ تُرْحَمُونَ

“And pay heed unto God and the Messenger, so that you might be graced with mercy”.

In this verse, the ban on interest is directly related to obedience to Allah and the Messenger and is thereby explained as a condition in order to reach Allah's mercy. In other words, not obeying the prohibition of interest is considered as an open act of rebellion against Allah and the Messenger and results with being not able to gain Allah's mercy and forgiveness. When looked from this aspect, violating the ban on interest has really dramatic results for a Muslim as the doors of mercy get almost completely closed. With this, the prohibition of interest significantly differentiates from other types of *harams* in Qur'an and is handled as an act related to faith instead of only a practical sin. Due to this, it becomes obvious that Muslims should act very carefully with respect to interest as not obeying Allah and the Messenger is out of the question in terms of the act of faith.

The Fourth Phase in Revelation of Riba Verses: Complete Ban of Interest in an Islamic Economic System

The fourth and last phase in revelation of *riba* verses consist of seven verses (275-281) of surah al-Baqarah that were revealed again in Madinah period. The text and the meaning of the verse 275 of surah al-Baqarah are as follows:

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَٰلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا
الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى
اللَّهِ وَمَنْ عَادَ فَأُولَٰئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ

“As for those who devour interest, they behave as the one whom Satan has confounded with his touch. Seized in this state they say: “Buying and selling is but a kind of interest,” even though Allah has made buying and selling lawful, and interest unlawful. Hence, he who receives this admonition from his Lord, and then gives up (dealing in interest), may keep his previous gains, and it will be for Allah to judge him. As for those who revert to it, they are the people of the Fire, and in it shall they abide”.

The Strong Wording of the Verses and the Preached Economic Order: Comparison of Interest and Trade

The verse above over the violators of the interest ban has a unique and an extremely strong wording unlike in other verses on sins or prohibitions such as adultery, gambling and murder mentioned in the Holy Qur'an. The reason for it is indicated in the following verse, “...they say: *Buying and selling is but a kind of interest even though Allah has made buying and selling lawful, and interest unlawful.*” If noted, *riba* in the verse is mentioned as an internal variable in an economic process comparatively related to trade.

Actually, the perception of interest in pre-Islamic period and in today's capitalist system is similar. Both consider the profit gained from the trade goods as legitimate as the interest gained through the money. As a matter of fact, in a capitalist system, the interest which is seen as an income of the capital is as legitimate as the wage of a labor's income, the rental income of a real property and the profit from an initiative investment. While the capital and initiative, in other words the profit and the interest, were not differentiated at the classical economics thought known as the first period capitalist theoreticians, the distinction started to be made with

neo-classical economists.³ With this form, the capital and the initiative (the investor and the entrepreneur) were distinguished from each other and the factors of production increased to four. From then on, the interest became a direct cost of production just as wage and rent.

According to the interpretation of the issue by some Islamic scholars (Razi and Beyzavi), the legitimacy of the profit obtained from a dated commercially sold good is considered as a more favorable possibility as the buyer in that period, has the opportunity to either meet his needs through that goods or meet others needs by selling the product to them when compared to someone who gets an interest equivalent loan (Karaman et al., 2006, p. 441). For this reason, there is a more concrete utility conception in trading goods than using interest.

The verse openly indicates trade (and industry nowadays) as the main source of income for the human beings and shows that an Islamic economic order should be centered on businesses within that principal. In other words, the occurrence of wealth and income in an Islamic economic order should principally be carried out through the production and exchange of goods and services demanded. Yet, the verses in Qur'an confirm it by nature:

"...and that man shall have nothing but what he has striven for, and that (the result of) his striving shall soon be seen, and that he shall then be fully recompensed..." (an-Najm, 39-41).

As seen, the verse explains that wealth and income that a human being obtains can only be gained through own labor and be only legitimate for what he has striven for.

The sole duty of the human being is actually working, namely producing. In the simplest way, working and producing symbolize the same in a natural economic order. As the divine would not constitute a contrast to the natural, the basic motivation and dynamics of an Islamic economic order is working and therefore

3 In general, the classical economic thought under Adam Smith's, *The Wealth of Nations* published in 1776 remained dominant until the 1870's. While the thought was embraced by British and French scholars like Adam Smith, David Ricardo, Thomas Malthus, Jean B. Say and John S. Mill, the following neo-classical economic thought was dominant starting from the 1870s until the Great Depression in 1929 and was no more only limited to be a movement embraced by British economists such as Alfred Marshall ve Arthur C. Pigou, but also by schools and prominent European economists such as French Leon Walras, Swedish Knut Wicksell, Italian Vifredo Pareto, Austrian Karl Menger and Joseph Schumpeter, Irish Francis Edgeworth as well as American John B. Clark and Irving Fisher.

producing because the human being should vitally work (produce) in order to reach the aim of his creation. It is an essential part of the servitude of a human being to produce with labor, provide the livelihood of those under his obligation and help them to fulfill their own responsibilities both on earth and in afterlife. That person has even to produce for others while acting to produce as he is obliged to also think of others in a selfless way and not only himself. To name it with today's economic language, people should compete for the good by producing on a large scale as much as possible,⁴ so that they can be more beneficial to others.⁵

In order to transform the product to an income, one has to meet the act of sale and then a market corporation will be established. Thereby, he will lead to both the supplement of his own as well as others' livelihoods (*Rizq*) through a freely occurred exchange. The concept of market in Islamic economy thought means "a space or environment where Allah creates livelihood for the human being through their interactions with each other'.

According to one of the most prominent scholars of last century, Elmalılı Hamdi Yazır (1971, pp. 964-68), one of the main reasons for why interest is haram is that it hinders the people from production activities and from doing good for the sake of their own and the society (to build civilizations). As it is possible to obtain high interest incomes easily and with minimum risk by lending money (through investments on bank deposits or public bill of debts), people would not be much willing for low profits, obtained through production activities in real sector, where the profit margins are squeezed due to international competition. During the 1990's, when political and economic instability was at the highest level and the fiscal discipline was extremely broken down in Turkey, the interest rates went dramatically up and the private sector became incapable of making investments at a large scale (crowding out effect). During the same years, the share of interest and other rental incomes within the total income of Turkey's 500 large industrial institutions had reached 90 percent. All public and private economic actors were subject to the debt spiral through high interests that led all of the money owners obtain high interest incomes with minimum risk easily instead of accepting reasonable profit margins by producing and providing employment.

4 This verse orders believers to compete for the sake of the good: "Believers! ... help one another in acts of righteousness and piety, and do not help one another in sin and transgression. Fear Allah. Surely Allah is severe in retribution (al-Maida: 2).

5 In this context, there is a word of wisdom which is known as a hadith but cannot be found in the authentic hadith books: "The best of people are those that bring most benefit to the rest of mankind" (Es-Süyûtî, 2015, 2:8)

In addition, among the reasons for the prohibition of the interest are, that it weakens the motive to help each other, which takes its base from lending on the basis of benevolence (benevolent loan; *Qard Hasan*) and that it thereby increases the potential of moral hazard of sides who take advantage of the asymmetric information in the money market.

One of the reasons that are dwelt on why interest is banned is the issue of property. As current regulations give the lender the right of confiscation of the property set as an assurance at the beginning of the contract or borrower's other properties if the interests are not paid in due time, discussions have emerged that the property rights of the borrower are violated. As interest can be interpreted as 'a lender's unpaid confiscation on the borrower's property to a certain extent' from this point of view, claims have said that it violates the safety and right of the property⁶ (described as sacred in Islam) though it unwillingly depends on the consent principal (Yazır, 1971, p. 965). According to the claims, therefore, it cannot be accepted as legitimate.

In conclusion, it is a reality that social justice will be harmed as the wealthier benefit more from the poor through interest and that it damages the income and wealth distribution. When the data on income distributions after the 1980's in Turkey and other countries is examined, it is seen that the interest and rental incomes have increased more rapidly in proportion to others (Erdem, et al., 2009, pp. 175-177, 227, 255).

As it is understood, the market place where production and commercial activities meet their stakeholders and value, is considered humankind's primary testing ground for truth and falsehood. Therefore, almost all of the divine messages recommend that the market structure should be established in accordance with divine/moral norms and standards, and the parties should agree on those while trading. As a matter of fact, with its name and first three verses, surah al-Mutaffifin explicitly handles the subject: "*Woe unto those who give short measure. Those who, when they are to receive their due from (other) people, demand that it be given in full, but when they have to measure or weigh whatever they owe to others, give less than what is due*".

Furthermore, while giving examples of pre-Islamic communities' testing on truth and falsehood, the story of Prophet Shuaib is told, where commercial rules

6 The value put on the right of property has been openly described in a hadith: "*The value of one's property is like the value of his blood*".

and standards are pointed out, warnings are made and moral weaknesses/risks are stressed that are not in accordance with the determined divine norms.⁷

When these verses are carefully read, it will be understood that Allah is frankly encouraging parties to make money through trade on basis of symmetrical information, otherwise it will be understood that it causes corruption on the earth.⁸ Then, very heavy punishments are mentioned for those who do not meet the rules.⁹ Therefore, it is clearly understood that the messages Allah sent to the pre-Islamic communities stress economic activities based on the conditions of symmetric competition point to the same principles as in the messages Allah sent to the Islamic Ummah and that there is a complete continuation in the revelation.

When examined carefully, it will be seen that the heavy warning posed in verse 275 of surah al-Baqarah for those who disobey the prohibition of interest is clearly used here also for those who violate the rules of trade. That shows that the economic system that Allah wants to establish on earth is based on forming a sustainable growth and employment, where He also wants people to earn and share their subsistence by making income through this exchange. Interest, which would lead to disruption of this system, is being prohibited. For this reason, cases (like interest or fraudulent sales) that lead to the deterioration of the system are considered as *mischief making on earth*.

In fact, in today's dominant economic thought and sense of politics, the primary goal of economic policies is to raise the society's standard of living. This can be achieved primarily by ensuring a higher and sustainable economic growth, higher employment, price stability and stability of the financial system. The aim of the in-

7 Look at the following verses addressing Prophet Shuaib and the weaknesses of his people on trade (al-Araf, 85-91; al-Tawbah, 70; al-Hud, 84, 95; al-Taha, 40; Al-Hajj, 44; al-Qasas, 22, 23, 45; Al-Ankabut, 36).

8 "...give just weight and measure and diminish not to men their things⁷⁰ and make no mischief on the earth after it has been set in good order.⁷¹ That is to your own good, if you truly believe" (Al-Araf, 85). "...And do not diminish the measure and weight. Indeed, I see that you are prospering now" (Hud: 84). "...Shuaib.⁶¹ He said: "My people, serve Allah and look forward to the Last Day⁶² and do not go about the earth committing mischief" (Al-Ankabut: 36).

9 "...and keep in mind what was the end of mischief makers" (al-Araf, 86). "if there are some among you who believe in the message that I bear while some do not believe, have patience till Allah shall judge between us. ..." (al-Araf, 87). "Thereupon a shocking catastrophe seized them, and they remained prostrate in their dwellings" (al-Araf, 91). I fear for you the chastisement of an encompassing day in the future (al-Hud: 84). "As if they had never prospered therein. Then, away with Madyan as Thamud was taken away" (al-Hud: 95). Initially I granted respite to the unbelievers for a while and then seized them.⁸⁸ How dreadful was My punishment!" (al-Hajj: 44).

terest prohibition of the Qur'an is not to deteriorate but even guarantee the macro-economic stability (its subcomponents mentioned above) which targets to defend and increase the prosperity of the society as the fundamental social order of Islam rests on a certain balance. For that reason, efforts such as interest that leads to the deterioration of this order is clearly banned. So, *fiqh* is defined as a discipline in which rules of this balance-based system are followed, and it is there for people to protect their own prosperity and make it permanent by "knowing what is in favor and against" (Islamhouse, 2009, p. 4).¹⁰

Market corporation and trade, as an indispensable fact of life, have always been one of the main themes of the divine message. Prophet Muhammad's birth and growth in Makkah which was an important trade city at that time, the consistence of his inner circle from important merchants who engaged in long-distance trade, earning his living mainly from trade, gaining strong trust of others in this field and his use of trade fairgrounds to deliver the divine message of Allah, are considered an important divine manifestation.

Trade, which is a way of livelihood and is an economic activity based on great effort, is not accepted in Islam, as equal to an income that is gained by interest. If we need to state it through the Islamic language, the two concepts, where one of them (trade) represents truth and the other one (interest) falsehood, are completely different from each other. In other words, while one of them is seen as indispensable for human beings to live in prosperity on the earth, the other one is assumed as an act of ruining the order, damaging legal rights and disturbing peace and prosperity.

According to Ibn Kesir, "they approved it (interest) due to the fact that they oppose the provisions of Allah's Sharia. If not, it hasn't emerged from comparing this interest to trade as the non-believers do not consider trade as legitimate although Allah's statement in the Qur'an that it is legitimate. If it was a comparison made by them, they would tell '*interest is like trade*'. However, by saying '*trade is also kind of interest*', they mean "*why is this forbidden and the other one is allowed*" (İbn Kesir, 1988, pp. 1064-65).

According to Yazır (1971), the reason of Allah's severe wording on the verse is because of the non-believers' consideration of those two concepts as equal, their efforts to diminish the difference, even assuming of *riba* as the essential part and the trade as the secondary element by seeing it similar to *riba*, and their beliefs and acts in this direction (Yazır, 1971, pp. 957-58).

10 According to Imam Abu Hanifa, *fiqh* is, "knowledge of someone what is in favor and against".

However, what is essential in Islamic finance is that a real exchange should take place. In trade, the exchange and profit of it are built on a real and concrete supply and benefit. Even though a cash asset given as a loan itself is still real, concrete and existing, the interest coming from it does not own such a characteristic. So, it is built on an imaginary expectation and not an absolute benefit that has already been accrued or will be accrued. Therefore, the usurer violates the law, puts the truth and falsehood in the same equation by making the real exchange and the imaginary exchange similar. This constitutes a completely opposite attitude and behavior against the main theme of the divine message.

According to Yazır (1971), if they would stop at that point, the situation may be considered as the lesser of two evils. However, the main purpose of the trade for those who are engaged in interest is not the benefit of the community, but earning more from the easy way. It is faster, easier and firmer to earn through interest than to earn profit through trade. Profit requires intensive effort and attempt, it depends on a certain risk and is gruelling (Yazır, 1971, pp. 958-59). So, usury is considered as corruption and condemned heavily because the usurer sees the labor income, earned with a great effort, equal to the interest income that is based on imaginary expectations.

While the results of other sins only concern the perpetrators and their inner circles, the violation of the interest prohibition affects the economic, social and moral balance of a wider circle, according to the religious commentators (Karaman et al., 2006, p. 429).¹¹ While the type of sins mentioned above can really be committed individually, the issue of interest is the result of a completely different economic system, and requires reallocation of resources and incomes. In other words, the reason for choosing a strong wording might be due to the predominant use of the resources in rental fields instead of building a more affective production system through allocating the resources into productive fields. Similarly, the reason might be that such a system is based on easily gaining much income without working and taking risks instead of an income and distribution system based on effort through labor.

11 A similar strong wording on those who take the non-believers as allies is used in surah al-Maida's 51-53 verses. It is mentioned that forming an alliance with non-believers results in a damage to the Muslims as a whole. The verses and their strong wording are as follows: *"Believers! Do not take the Jews and the Christians for your allies. They are the allies of each other. And among you he who takes them for allies, shall be regarded as one of them. Allah does not guide the wrong-doers"* (al-Maida: 51). *"...All their acts have gone to waste and now they are the losers"* (al-Maida: 53)

It is possible to see this strong wording of the verse in Prophet Muhammad's hadiths that are related to the topic. It is said in a narration that "*The Prophet may have cursed the receiver and the payer of interest*" (Müslim , 1983 , Mûsâkât: 105) In another hadith, it is said that the recorders and witnesses of the interest are also cursed: "*The Prophet cursed the receiver and the payer of interest, the one who records it and the witnesses to the transaction and said: They are all alike (in guilt)*" (Müslim, 1983, Mûsâkât: 106; Tirmizî 2000, Büyû': 2; Ebû Dâvûd, 2000, Büyû': 4; İbn Mace, 2000, Ticârât: 58; Camiü's-Sağir, 2015: 1:13). In another hadith, it is said, "*Avoid seven destructive sins. ...and dealing with riba...*" (Buhârî 2000, Vasâyâ: 23, Tıbb, 48, Hudûd 44; Müslim 1979, İmân: 145; Ebû Davûd, 2000, Vesâya: 10; Nesei 1981, Vesâya: 12).

Another aspect in the issue of interest is that false resource allocation policies frequently lead to financial crises. A system based on interest-centric resource allocation and income generation policies transform people into greedy beings with an endless envision of need through an imaginary capital, and it therefore exposes them frequently to financial crises. This is proven by recurrent experience throughout the last two centuries and especially in the last half century. The results of crises are that they victimize everyone, including the outsiders, through gaining a systematic eligibility in a short period of time. As the meaning of Qur'an's message is beyond space and time, it is possible that the reason for choosing a strong wording in the verse is that the risks and crises caused by interest leads to such a big devastation.

As in many financial crises occurred time after time in many different parts of the world, the latest global economic crisis that first started in rich nations in 2008 and spread to the whole world in a short period of time, emerged as a result of similar reasons of the human being's greedy ambition to win through the virtual (expected) income. The latest global crisis emerged as an outcome of a financial model that adopts transferring risks of *adverse selection* and *moral hazard*¹² to others as a principle, without taking any risks and focusing on asymmetric information. While

12 *Adverse selection* is a problem related to separating the low risk applications and the high-risk applications from each other before the creditors transform their funds into investments in financial markets. In other words, it is a problem that occurs because of information asymmetries when the creditors let their funds be used by individuals or institutions with high risk and low reliability and make a wrong choice. On the other hand, *moral hazard* is a problem related to the determination and pursuit of a creditor whether the debtor uses the funds as planned or not in financial markets (Erdem, 2016, pp. 79, 88).

doing this, it turns its endless demands into a concept of necessity and in order to finance, it creates virtual income accounts through virtual-centered assets.

In an economic order, where the number of buyers and sellers with high risks increase in the market and their entities cannot be estimated and where virtual income-based financial models rise with *greed*, economic policies, which push real sector's effort-based income ways back instead of creating more fair income and employment and are centered on obtaining high real interest rate and speculation in an uncertain environment, are the addressees of this strong wording in the verse.¹³ These types of crises demolish the welfare, peace, stability and justice of the whole humanity. However, what Allah wants to be established on earth through all the messengers he sent, is a fair and stable social order, where safety of life and property are ensured and peaceful and prosperous balances are considered. As the *riba*-based (interest and usury) system's destruction of this divine message in compliance with the natural order of the creation is described as a kind of mischief and an act of extravagation, the violation of prohibition of the interest has received a stronger warning when compared to other prohibitions.

While this part of the verse is handled in some tafseer books,¹⁴ interpretations say that the meaning might be able to concern both this world and afterlife. According to this, those who get involved with *riba*, spend their lives in slackness, laziness and sauciness as they get used to earn through an easy way in this world. Therefore, their endurance against difficulties stays quite weak when compared to people, who make their living through effort-based and gruelling ways. At the very first encountered hardship (economic distress/fluctuation), they cannot recover. They even lose their financial assets to a considerable extent and cannot recover ever. It can better be understood how brutal the severity and the social collapse of the case can be, if it is considered that these types of people are the ones who at the first stage are mostly exposed to possible crises in today's capitalist economies, where financial capital is dominant.

According to the prominent scholar Hamdi Yazır, the real meaning of the verse is the stress on the frightfulness of the malign committed guilt. Yazır describes the

13 As known, an exchange in Islamic finance can be accepted if; (i) the exchange finances the merchandise trade (no interest), (ii) the goods are concretely ready and that there is no uncertainty on exchange as well as meeting all the requirements of the exchange and approval of it by parties (offer and acceptance; *ijab and qabul*), (iii) and finally that there is absolutely no speculative act (*gharar*)

14 *Hak Dini Kur'an Dili* (Language of True Religion Qur'an) and Ibn Kesir's tafseer books.

situation of the interest payers and receivers in afterlife through a hadith: “As stated in Hadith e Nabawi, they will arise from their graves generally with epilepsy or in mad condition and this situation will be their trademark...” (Yazır, 1971, p. 957). In another hadith, Prophet Muhammad said: “On the night of Ascension (Miraj) I came upon people whose stomachs were like houses with snakes visible from the outside. I asked Gabriel who they were. He replied that they were people who had received interest” (Ibn Mace, 2000, Kitab al-Tijarat: 58; Ahmad, 2:353,363; Ibn Kesir, 1988, p. 1064).

The Comparison of Interest and Sadaqah (Zakat) and the End of Persistence on Profanity

The verses on interest in surah al-Baqarah come right after the approximately three-page long *infaq-sadaqah* verses (261-74) and are followed by the longest verse of the Holy Qur’an, which is the verse 282 of al-Baqarah and is on debt. To express it more clearly, the verses on interest fall within verses on two kinds of good economical behaviors that Allah insistently recommends. Thereby, right and wrong decisions are comparatively presented to the believers. The logic of the revelation is to introduce the right and the wrong together to people and let them to decide with free will.

The verse 276 of surah al-Baqarah says:

يَمْحَقُ اللَّهُ الرِّبَا وَيُزِيلُ الصَّدَقَاتِ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ

“Allah deprives interest of all blessing, whereas He blesses charity with growth. Allah loves none who is ungrateful and persists in sin”.

Interest and *sadaqah* are compared in the verse followed by Allah’s warning on payers and receivers of interest. With this, it is clearly stated that although the goods gained through interest increase physically, they are sooner or later destined to decrease and finally to die out. According to us, there are two ways to explain this: The first is about the moral aspect of the case and one has to consider the concept of abundance/blessing (*barakah*), which is important in Islam. In broad terms, abundance can be described as ‘the physically and morally seen/felt ascent on goods, as a result of being grateful, sharing, spending and leading to invest the lawfully gained income within lawful norms’. Based on this explanation, an income gained through interest cannot be considered in any case. In other words, there won’t be an increase in either the goods or the income. On contrary, there will even be a decrease as a punishment, for it is gained through a way that is against Allah’s will. While the previous verse “As for those who devour interest, they behave as the one

whom Satan has confounded with his touch...” directly concerns the punishment in afterlife, a similar economic penal result is mentioned in this verse, too. Therefore, it is stated that an interest income for which it is attempted and is expected to go up is far from increasing but is even destined to die out.

The second explanation for describing the consumption or devastation of an interest-based income in terms of economic sense is that it is in its nature an income that is not only gained through interest but also that the capital can completely die out in some circumstances as gaining money through interest requires undertaking some uncertainties, risks (delinquency, interest and credit risks) and even speculative acts and decisions both in real sector and financial sector. Moreover, people who consistently pursue interest and rent incomes exhibit a more comfortable, speculative and risk-based behavior while spending, compared to others who earn their livelihood through an effort-based income. In other words, although those who seek an economic boom through a shorter way and like to take risks have the potential to become wealthy faster than others. It is inevitable that they frequently incur losses and bankruptcies as a result of taking more risks and making mistakes. Every day around us, it is possible to see a lot of people, who became wretched and rapidly very poor while trying to make an immoderate fortune through this way.

When these losses intensify in certain periods, they no longer become personal but turn into social losses and bankruptcies as openly seen in economic crises which became systematic and that we frequently encounter in different types in today's modern economies. For instance, banking and debt crises can be considered as direct, and currency and exchange rate crises can be considered as indirect examples in this context. It is not wrong to say that thereby some greedy (immoderate and unsatisfied) financial investors cause not their own loss but also the loss to rest of the society while gaining an excessive profit through interest.

In the last part of the verse, Allah again uses a strong wording and describes the interest payers and receivers as *'ungrateful and persisting in sin'* and openly states that he does not like those who behave as mentioned. According to the famous scholar Ibn Kesir, the usage of the term *kufir* here results from the interest payer and receivers' non-consenting to the lawful earning that Allah has saved for them, discontentment with the legitimate permissible earning and obtaining the goods of others through false and evil ways of earning. It is stated that those who obtain people's goods through this way are already cruel and guilty (Ibn Kesir, 1988, p. 1071). As far as we understand, the usage of the word “*kufir*” here indicates the

absolute prohibition in the verses on interest, and even states that it is not a typical sin, but goes beyond by causing the rule of corruption and oppression through rejecting and distorting the natural and divine economic order and the institution of justice that Allah has created and provided. Hence, the uncommon strong wording in all of these verses confirms this case.

In the second part of the verse, Allah recommends giving through *sadaqah* instead of receiving money through interest from needy people: "...*He blesses charity (sadaqah) with growth...*". Although the extra given charities are meant by the word "*sadaqah*" in this verse, it can be said that the reference is made to *zakat* which is obligatory¹⁵ (En-Nevevi, 2015, p. 201). In the verse that mentions whom to give *zakat*, the term *zakat* is used as *sadaqah*.¹⁶

Prophet Mohammad has advised to give to the poor and said in a hadith: "...*Give from (your) money, dirham, clothing, wheat and date...even if all you can give is half a date*" (Muslim 1979, *Zakat*: 69; Tirmizi, 2000, *Tafseer*: 2; Nesei, 1981, *Zakat*: 64). In another hadith, he said: "*Whoever gives charity equal to a date from good (halal) earnings – for Allah does not accept anything but that which is good – Allah will take it (in His right hand) and tend it for the one who gave it as any one of you tends his foal, until it becomes like a mountain.*" (Buhari, 2000, *Zakat*: 8; Muslim, 1979, *Zakat*: 63; Muvatta, 2000, *Sadakat*: 1; Tirmizi, 2000, *Zakat*: 28; Nesei, 1981, *Zakat*: 48).

The explanation for the increase or abundance of the goods when *sadaqah* is given can be described as it gets morally purified through paying away the needy, islamic charity and giving gradual rise to an income (income multiplier effect) through mandatory consumption expenditures in other hands. Also, this *friendly transfer of income* from rich to poor will contribute to a more stable increase of the national income by strengthening the solidarity between the society's social and economic layers. However, it is worth noting that neither *sadaqah* nor *zakat* can ever be given with the aim to increase the possessions. A part of the income gained

15 In addition to Allah's harsh ban on the oppression on needy people through *riba*, Prophet Mohammad has even recommended not to oppress and aggrieve people, but follow a polite way while giving *zakat*. "*Ibn Abbas reported: When the Messenger of Allah, peace and blessings be upon him, sent Mu'adh to Yemen, he said to him: ...teach them that Allah has obligated charity to be taken from the rich and given to the poor. If they accept that, be on guard from the supplication of the oppressed...*". In another narration, it is said: "...*for there is no barrier between it (supplication of the oppressed) and Allah*" (Nesei, 1981, 8-12). Moreover, not even the guiltiness of the oppressed is an obstacle to it.

16 "*The sadaqah (zakat) are meant only for the (i) poor and the (ii) needy and (iii) those who are in charge thereof, (iv) those whose hearts are to be reconciled, and (v) to free those in bondage, and to help (vi) those burdened with debt, and for (vii) expenditure in the Way of Allah and for the (viii) wayfarer. This is an obligation from Allah. Allah is All-Knowing, All-Wise*" (al-Tawbah: 60).

through the entrusted possessions on mortal earth is shared with those in need and can only be given for the sake of Allah. Hence, at the very basis of an Islamic economic system underlie moral norms based on solidarity and sharing.

An important point is that, as found in a hadith, in Islam “...the upper hand is better than the lower hand”¹⁷ (Buhari, 2000, Zekat: 18, 50; Muslim 1979, Zekat: 94, 106; Ebû Davûd, 2000, Zekat: 28; Nesei, 1981, Zekat: 2521). While *riba* means that the lender (creditor) takes extra from the borrower (needy), *sadaqah* (zakat) means that the lender gives to the needy expecting nothing in return. In the following verse, this virtuous behavior is put under the category of ‘good deeds’ (*amal saleh*), and a person possessing such a behavior is mentioned with other believers who fulfill the fundamental worship duties and similar rewards are promised to him. The verse 277 of surah al-Baqarah and its meaning is as follows:

إِنَّ الَّذِينَ آمَنُوا وَعَمِلُوا الصَّالِحَاتِ وَأَقَامُوا الصَّلَاةَ وَآتَوُا الزَّكَاةَ لَهُمْ أَجْرُهُمْ عِنْدَ رَبِّهِمْ وَلَا خَوْفٌ عَلَيْهِمْ وَلَا هُمْ يَحْزَنُونَ

“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”.

If noted, a fundamental principle of the Holy Qur'an is repeated here once again. By that, Allah declares his divine-natural order and its basic principles to people or believers, then clarifies what consequences will arise when obeying or disobeying this order or these principles, and in the end, indicates the results for those who obey (those who believe and do good deeds) and who don't (those who don't believe and act against). However, Allah always leaves people free over decision making, because people are left alone with their free will on condition of facing the consequences as a result of believing or not believing i.e. performing good or bad acts. Thus, the third verse of surah ad-Dahr says: “Surely, We showed him the Right Path, regardless of whether he chooses to be thankful or unthankful.”¹⁸

17 In some narratives, this hadith deals directly with the subject of begging, however its main theme is *sadaqah* that is given to the needy to meet people's essential needs and save them from misery (Nesei, 1981, Zekat: 81-83; Muslim, 1979, Zekat: 95-96).

18 Many examples can be given from Qur'an on this subject. One of the most striking of these is surely the following verses: “Those who disbelieve and obstruct Allah's Way, He will render their deeds fruitless. As for those who believe and do good deeds and believe in what is revealed to Muhammad - the truth from their Rabb - He will remove from them their evils and improve their condition. This is because the unbelievers follow falsehood, while the believers follow the truth from their Rabb. Thus, Allah cites their similitudes for mankind” (Mohammad, 1-3).

Genuine Faith and Absolute Prohibition of Interest: Declaration of War Against Violators!

The verses up to now emphasized why people should not engage in interest and the consequences for those who disobey the order were explained. In the following verse, it is ordered that the interest receivables should be immediately cut out after becoming Muslim. This is expressed in verse 278 of surah al-Baraqaq as:

(٨٧٢) يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ

“Believers! Be afraid of Allah and give up all outstanding interest if you do truly believe.”

As said since the beginning of this article, the verses on interest were revealed gradually. Its disadvantages were explained initially but later it was forbidden with strong wording. With this verse, it is strongly ordered that believers should not take the past interest receivables. The expression of the verse is so clear, that it addresses all believers in a binding wording with an imperative language, and says that the interest can never come together with the believers’ faith in Islam. Apart from that, no flexibility or tolerance over the issue has been shown. In fact, the strong language in the verses that are related to interest repeats itself here. Going even further, it is said that those who truly believe should not or, in other words, cannot receive interest as it is stressed as a matter of faith. In verse 276 of the same surah it is mentioned that, “...Allah loves none who is ungrateful and persist in sin”, which confirms the same idea. As expressed elaborately in the previous sections of this article, Allah’s specific harsh wording on this matter arise from the fact that giving or receiving interest is distinguished from other sins as it is in a sense related to *weakness in faith*.

Following the verse above, there is a strong ‘warning’, with a gradually increasing stress, for those who refuse to abide by the order on the interest receivables: “If you fail to do so, then be warned of war from Allah and His Messenger”. As the war can be started by the state or government itself due to its destructive effect on economic and social order, it may also literally mean that Allah and the Prophet are spiritually in war with that person (Yazır, 1971, p. 971). Once again it is understood that the interest-takers do not just commit a sin, but pave the way for Allah’s wrath in the heaviest way as well as are placed under the category of enemies against which Allah and His Messenger will declare war. However, according to the verse, if they give up and vow not to do it again, there will be no unjust condition for either

themselves or the interest borrowers. Under such a situation, the creditor will only collect the capital.

Here is the verse 279 of the surah al-Baqarah which describes this situation:

فَإِنْ لَّمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِّنَ اللَّهِ وَرَسُولِهِ وَإِن تُبْتُمْ فَلَكُمْ رُؤُوسُ أَمْوَالِكُمْ لَا تَظْلِمُونَ وَلَا تُظْلَمُونَ

“But if you fail to do so, then be warned of war from Allah and His Messenger. If you repent even now, you have the right of the return of your capital; neither will you do wrong nor will you be wronged” (al-Baqarah, 279).

According to Yazır (1971), those who use interest in a nation where Islam dominates, will be subject of the verse whether they either deal with interest by returning to disbelief and denying it, or do it as a believer who do not act according to faith in this case. In other words, they deserve the war of Allah and His Messenger. They are considered as guilty of apostasy or rebellion, just like those who deny zakat or refrain from giving. Therefore, abstaining from *riba* is considered as *fard-i-ayn*¹⁹ for all Muslims. Yazır (1971) also states that usury and the war declared against it, are neglected by today's Muslims as the violation is considered as personal. (Yazır, 1971, pp. 970-74).

Confirming this, three reasons have been reported in these verses in the interpretation of the narratives. The most well-known of these is the issue of interest between Saqeef tribe of Taif and Banu Makzhum of Makkah. Taif was besieged after the conquest of Makkah and the previously accrued interest payables of the Saqeef tribe, who were engaged in interest-based business, were cleared while their interest receivables remained after they accepted Islam according to the agreement (Yazır, 1971, pp. 973-74).²⁰

19 To support this fact, the following narratives, which are not included in the main hadith sources (considered as weak hadiths), may also be seen: According to a narration mentioned in Ibn Kesir's Tafseer, Aisha radi Allahu anha said the following sentence about those who made an interest transaction arising from a timed sale: *“if he does not repent, the jihad that he had done with the Messenger of Allah has been wasted”* (Ibn Kesir, 1988, pp. 1073-74; Darekutni, Sünen, III/478); Imam Shafi and Bayhaqi assumed that narration is weak. According to another narration mentioned in *Hak Dini Kur'an Dili*, when Najran Christians were guarded by Muslims, Prophet Muhammad made an agreement with them and made them promise to stay away from receiving and taking interest as well as from interest receivers and takers. Then, he warned them with a letter, saying *“either abandon riba or be aware of war by Allah and His Messenger”*. (Yazır, 1971, p. 974; Et-Taberani, XVIII/89 (165); Heysemi, 2015, V/313, 9596).

20 According to Yazır (1971), in order to implement the war declaration that is mentioned in the verse, that nation must be Muslim (Dar'al Islam). A war declaration is out of question for those who made interest-based debt contracts prior to becoming Muslim. According to Islamic law, the commercial and

Banu Mughirah, from the sons of Makzhum, did not want to pay the debt that came from interest but the four siblings from Saqeef tribe, the lender, insisted on taking it. The issue was taken to the Prophet with a letter through the Makkah Governor Attab ibn Usaid and therewith this verse was revealed. After that Prophet Mohammad commanded the Makkah Governor as the verse said, “*if they agree that’s fine, otherwise declare war*”²¹ (Yazır, 1971, p. 972).

Right after the revelation of this verse, Prophet Mohammad personally declared in his Last Sermon (*Khutbah Wada*) at Arafat during the farewell pilgrimage that interest was certainly prohibited and explained the first implementation of the decision as: “... *Oh People, just as you regard this month, this day, this city as Sacred, so regard the life and property of every Muslim as a sacred trust. All the vicious matters (riba) that belong to the jahiliyyah have been waived, it is under my feet. Your capital, however, is yours to keep. You will neither inflict nor suffer inequity ... all the interest due to Al-Abbas ibn Abd’el Muttalib shall henceforth be waived...*” (Erul, 2012, p. 592; Müslim, 1979, Hac: 147; Ebû Dâvûd, 2000, Menâsik: 56; İbn Mace, 2000, Menâsik: 76, 84). When considered that the final sermon has also the characteristics of a comprehensive declaration, in which Prophet Mohammad delivers universal human rights message to the people, it becomes obvious what an important element the issue of interest is for the peace, happiness and stability of humanity.

According to one of the main principles of Islam, which is that the “order has no retroactive effect”, it was not found necessary to repay the interests received during the *jahiliyyah* period, they were not taken into the scope of *haram* and the consequential sins of these were left to Allah (*hence forgiven*).²² However, it was clearly stated that the uncollected interests should not be received.

It is useful to stress three more points here: The first of them is that interest is regarded as a *means of oppression* in the primary sources of the religion as understood both from verse 130 of surah aal-Imran and the statements in the Last

other agreements that Muslims have done in the time and land of *kufir*, maintain their validity later after the acceptance of Islam. In other words, *it is not valid before, only afterwards of conquest*. As in the example of Abbas (RA), interest receivables are wiped off..

21 The second reason for the revelation is that Prophet’s uncle Abbas and his son-in-law, Uthman, made a date *selem* based on interest, and the final reason is the interest receivables arising from interest-based charge sales between Abbas and Khalid ibn al-Walid.

22 A similar expression has been used in the Qur’anic verse about the punishment of hunting while in *ihram* and it has been more openly stated that the related sins committed in the past were forgiven: “... *Allah has pardoned whatever has passed; but Allah will exact a penalty from him who repeats it*” (al-Maida, 95).

Sermon. Therefore, it is stated that those who violate this ban display a behavior which destroys the sense of justice and distort the natural (divine) functioning of the economic order. The second is that the issue of interest is stressed right after the safety of the property which is described as 'sacred' and 'inviolable' and the fact that a connection was made between them is extremely important in terms of the significance of the issue. The third point is that Prophet Mohammad began to implement the interest ban first on his uncle Abbas. Starting to carry the regulations into effect first on his own and the inner circle, should be taken into consideration as a more convenient and moral principal and efficient administrative decision for Muslims.

Ethic-Based Interdependent Loan System of Islam and the Interest Issue

In the Islamic economic thought, a person should spend his income first on his needs, and instead of keeping the remaining savings as idle (hoarding - *iddihar*), he or someone else should turn this money into an investment. Allah, the true proprietor of the possessions, has made it possible for human beings to earn an income for the exchange of his work and a human being must utilize this income in a beneficial way for people. Moreover, the obligation of zakat has been introduced as a financial measure in order to deter not to keep income as unproductive (automatic stabilizer). Opposing this implementation can even result in declaration of war.

The income will keep the demand alive in through increases in consumption, translating into and increase in the current income through the multiplier coefficient in the short run. Alongside, the increased investments and thus surging production in the long run will ensure an automatic saving-investment balance in the economy itself. Eventually, a self-sustainable balance of total supply and demand at a macro level will be restored at least in goods markets. In the understanding of Islamic economy, the assurance of economic stability and the welfare of society are extremely important in order to establish peace and prosperity and eliminate disorder. There is also a basic rule for supplying financial resources to provide the relevant macro balance: As mentioned above, a person should bring an income again to economy by transforming the money, residual from his consumption, into investment by himself or letting someone else to use his money for consumption or investment on loan. In that case, it is clearly stated that the lender should avoid practices that would offend, force or punish the borrower. The verse 280 of surah al-Baqarah explains exactly this issue:

وَإِنْ كَانَ دُوْ عُسْرَةً فَنَظِرَةٌ إِلَىٰ مَيْسَرَةٍ وَأَنْ تَصَدَّقُوا خَيْرٌ لَّكُمْ إِنْ كُنْتُمْ تَعْلَمُونَ

“But if the debtor is in straitened circumstance, let him have respite until the time of ease; and whatever you remit by way of charity is better for you, if only you know”.

Relevant to the nature of this verse, the recommended type of loan, *qard hasan* or the benevolent loan, is one of the ways for the usage of extension that is advised to the interest-free banks in Islamic finance or other individuals and institutions. *Qard Hasan* is a type of loan in the meaning of a virtuous loan that is interest-free and is extended on goodwill basis, given mainly either for welfare purposes or for fulfilling short-term funding requirements. The borrower is only obligated to repay back the principal amount of the loan²³. However, it is recommended to the lender to extend time or even to voluntarily waive repayment of the whole or a part of the loan amount (by counting it as *sadaqah* or *zakat*) under delinquency or similar circumstances for the sake of Allah. Therefore, *qard hasan* in Islamic tradition can be considered as one of the ways, which regulates the distribution of the society’s income where the wealthier are given the opportunity to transfer funds to the needy. Although it is hard to see such practices today on a large scale, the interest-free banks, for only the sake of Allah, provide small amounts of help to some of their small-scale clients and students.

It is worth pointing out that *qard hasan* has not received enough emphasis in today’s Islamic banking practices although it is a recommended means of finance in Islamic finance. As *qard hasan* can be evaluated as *existence of brotherhood at the level of economy* in Islamic societies, the nature of today’s practices in Islamic banking can be considered as a significant measure towards it. The establishment of peace among Muslims depends at the same time on finding solutions for economic difficulties and disagreements. As known, the brotherhood of the believers is described and justified through the establishment of peace among them in Qur’an. Hence, a Qur’anic verse says: *“Surely the believers are none but brothers unto one another, so set things right between your brothers, and have fear of Allah that you may be shown mercy”* (al-Hujurat, 10). Similarly, another verse says: *“...do good that you may prosper”* (al-Hajj, 77).

In the verses below related to *qard hasan*, Allah invites the believers to lend money by good means instead of usury and promises great rewards in return: *“Who of you will lend Allah a goodly loan which He will return after multiplying it for him*

23 For explanation for *qard hasan* refer http://www.islamic-banking.com/glossary_q.aspx

manifest? For Allah has the power both to decrease and increase..." (al-Baqarah, 245). "Surely Allah took a covenant with the Children of Israel ... and Allah said: ... if you establish Prayer and pay Zakat and believe in My Prophets and help them, and lend Allah a good loan, I will certainly efface from you your evil deeds, and will surely cause you to enter the Gardens beneath which rivers flow..." (al-Maida, 12). "Who is it that will give Allah a beautiful loan?²⁴ A loan that Allah will repay after increasing it many times and grant him a generous reward" (al-Hadid, 11). "Verily those who give sadaqah be they men or women, and give Allah a beautiful loan shall be repaid after increasing it many times; and theirs shall be a generous reward" (al-Hadid, 18). "If you give Allah a goodly loan, He will increase it for you several folds and will forgive you. Allah is Most Appreciative, Most Forbearing" (at-Tagabun, 17).

As understood from the verses, issues in Islam related to economy such as interest, trade and loan are conceived not only as worldly acts but also cover hereafter as in other aspects of life. Although the economic activities start in this world, only the short-term results will be obtained here, whereas the long-term results (with even the exclusion of this world's sense of time and eternity) are left to the life hereafter. Therefore, Allah says that *qard hasan* will be awarded many times. Actually, this understanding is a result of Islam's vision of the world and civilization as a whole. A similar statement is used for the reward to the believers who strive in the Way of Allah with their possessions and lives.²⁵ The logic is the same; believers in this world who will carry out activities by using their lives (the fact of effort/labor force) or physical properties (securities or real estate), receive a labor or investment income in return in this world and Allah will reward them more due to these beneficial acts in the afterlife.

When the related hadiths are studied, it is seen that they match up with the afore-mentioned verses in their meanings as if interpreting those. Yet, a known hadith says: "A Muslim is the brother of another Muslim. He neither wrongs him nor leaves him in the lurch. And he who meets the need of his brother, Allah will come to his aid in the hour of his need. And the person who removes the distress of another Muslim,

24 "Giving loan to Allah means extending interest-free debt to needy and acting with kindness while collecting it, for the purpose of help and for the sake of Allah" (Karaman et al., 2006 for the explanation of the related verse).

25 "Surely Allah has purchased of the believers their lives and their belongings and in return has promised that they shall have Paradise... Rejoice, then, in the bargain you have made with Him. That indeed is the mighty triumph" (at-Tawbah: 111). "Believers, shall I direct you to a commerce that will deliver you from a grievous chastisement? Have faith in Allah and His Messenger and strive in the Way of Allah with your possessions and your lives. That is better for you if you only knew" (as-Saff: 10-11).

Allah will relieve him from the distraction of the Day of Reckoning...” (Buhârî, 2000, Mezâlim: 3; Müslim, 1979, Birr: 58; Ebû Davûd, 2000, Edeb: 38; Tirmizî, 2000, Hudûd: 3; Ahmad, 2005, 2:91). Another hadith says: “*Whoever relieves a believer’s distress of the distressful aspects of this world and relieves him, Allah will rescue him from a difficulty of the difficulties of the Hereafter. Whoever alleviates [the situation of] one in dire straits who cannot repay his debt, Allah will alleviate his lot in both this world and in the Hereafter... Allah is helping the servant as long as the servant is helping his brother...*” (Müslim, 1979, Zikr: 38; Ebû Davûd, 2000, Edeb: 68; Tirmizî, 2000, Hudud: 3, Birr: 19). In another hadith, Prophet Mohammad says: “*Whoever wants Allah to answer his prayers and the difficulties to vanish, should help someone in difficulty*” (Ahmad 2005, 2:23). As a conclusion, the Holy Prophet recommends extending time for the borrower: “*Whoever allows more time for a debtor who is in difficulty or waives the debt, Allah will shade him with His shade. Beware, paradise is the like the stone on a steep hill. Rasulallah has repeated it three times...*” (Ahmad, 2005, 2:327).

As understood from the verses and hadiths above, it is assumed that Muslims would never lie or each other over debt and therefore let each other know about any information they have about the exchange. To express it with modern financial terms, there will be no *asymmetric information* problem among them and the lender will not be subjected to the *adverse selection* or *moral hazard* problems by the borrower. There are pretty explicit statements both in Qur’an and hadiths that the borrower should be transparent enough to the lender and fulfill his responsibilities timely. Lying and false statement of sides is strictly prohibited. The recommendation made to the lender is not to use opportunism against the borrower in difficulty and not to attempt to *riba*. Today’s capitalist system focuses only on developing mechanisms by securing the lender against asymmetric information, considers the tyranny against the borrower as legitimate and even strongly recommends limiting the mobility of the borrower through *restrictive covenants* (Erdem, 2016, p. 4). However, rights of both sides are ensured on an equitable basis in an Islamic economic system.

By using a quite imperative language, Qur’an openly says: “*...shun all words of falsehood*” (al-Hajj: 30) and calls to avoid any type of false statement which would lead to asymmetric information in every division of life. Lying is described with a very strong wording in a hadith: “*Allah’s Messenger said, ‘Shall I not inform you of the biggest of the great sins?’ We said, ‘Yes, O Allah’s Apostle’ He said, ‘associating others with Allah (polytheism), to be undutiful to one’s parents. ‘The Prophet sat up after he had been reclining and added, ‘And I warn you against giving forged statement and a false witness’ The Prophet kept on saying that warning so much that we wished he would*

stop” (Buharî, 2000, Edeb: 6; Müslim 1979, İman: 143; Tirmizi 2000, Sehadet: 3). Another hadith on lying is: “*Whoever has (the following) four characteristics will be a pure hypocrite. And whoever has one of these characteristics, has one characteristic of a hypocrite unless he gives it up: if he makes a covenant he proves treacherous; If he speaks, he tells a lie; if he gives a promise, he breaks it; and if he quarrels, he behaves in a very imprudent, evil, insulting manner (unjust)...*” (Buharî, 2000, İman: 24, Mezalim: 17, Cizye: 17; Müslim, 1979, İman: 106; Ebû Davûd, 2000, Sünnet: 16; Tirmizî, 2000, İman: 14; Neseî, 1981, İman: 20).

Although statements and acts based on false information that gives rise to asymmetric information between the lender and the borrower are strongly prohibited by Qur'an and hadiths as mentioned above, situations which violate these continuously take place among Muslims in daily life. *Strong, restrictive and quite comprehensive trade/debt agreements* by which the lenders can protect themselves from the borrowers on a personal or institutional level are again explained by the Holy Qur'an itself. When Qur'an's longest verse, that is on debt and is stated below, is clearly studied, one can understand that Allah goes beyond the statements in the verses that express the general framework of acting honestly and not lying by ordering to write down the restrictive trade and debt covenants in order to never let the lender be subjected to the costs of adverse selection and moral hazard problems stemming from asymmetric information.

The verse relating to debt (*dayn*) is as follows: “*O believers! When you deal with each other in lending for a fixed period of time, put it in writing. Let a scribe write it down with justice between the parties. The scribe, who is given the gift of literacy by God, should not refuse to write; he is under obligation to write. Let him who incurs the liability (debtor) dictate, fearing God his Rabb and not diminishing anything from the settlement. If the borrower is mentally unsound or weak or is unable to dictate himself, let the guardian of his interests dictate for him with justice. Let two witnesses from among you bear witness to all such documents, if two men cannot be found, then one man and two women of your choice should bear witness, so that if one of the women forgets anything the other may remind her. The witnesses must not refuse when they are called upon to do so. You must not be averse to writing (your contract) for a future period, whether it is a small matter or big. This action is more just for you in the sight of God, because it facilitates the establishment of evidence and is the best way to remove all doubts; but if it is a common commercial transaction concluded on the spot among yourselves, there is no blame on you if you do not put it in writing. You should have witnesses when you make commercial transactions. Let no harm be done to the scribe or witnesses; and if you do*

so, you shall be guilty of transgression. Fear God; it is God that teaches you and God has knowledge of everything” (al-Baqarah: 282).

If noted, the verse contains all conditions that would not lead to any asymmetric information problem in the debt contracts. These conditions can be listed as follows: (i) existence of a certain period, (ii) writing of all small and large debt contracts in justice, optional agreement in case of a payment in advance, (iii) impartiality, transparency and fairness of the scribe, (iv) full symmetrical/transparent behavior of the debtor (disclosure of information), (v) full symmetrical knowledge of the witnesses and their being in confidence, (vi) considering the act as a necessity of faith and knowing that the deeds are under Allah’s supervision.

The Clarity on Prohibition of Interest Towards the End of Revelation and Dynamics of Economic Life

Regarding the verses revealed at the very last, there are different narrations about two verses in the Islamic sources. According to some, the last revealed verse is the third verse of al-Maida,²⁶ while for some others (more dominant approach) it is the verse 281 of the surah al-Baqarah which is mentioned below:

وَاتَّقُوا يَوْمًا تُرْجَعُونَ فِيهِ إِلَى اللَّهِ ثُمَّ تُوَفَّى كُلُّ نَفْسٍ مَّا كَسَبَتْ وَهُمْ لَا يُظْلَمُونَ

“Fear the Day when you shall all return to God, when everyone shall be paid in full what they have earned and none shall be dealt with unjustly”.

Islamic scholars such as Ibn Abbas reported that the verses which are mentioned above on interest are the last or among the last verses revealed (Buhārī, 2000, Tafseer: 2/53). Makkah and Taif were conquered in the 8th year of Hijrah, the Farewell Pilgrimage was made in the 10th year of Hijrah, and several months later Prophet Muhammad had passed away (Ahmad, 2005, 1:36). When Prophet Muhammad was performing his hajj, the verse 176 of surah an-Nisa (which is the verse of *kalalah* concerning the inheritance law of those who have no heir), the verse 3 of surah al-Maida later when performing the waqfa on Mount Arafat and then the verse 281 of surah al-Baqarah were revealed. It is narrated that the Prophet

26 “...This day have I perfected your religion for you and completed My favor unto you, and have chosen for you as religion Islam...” (al-Maida, 3) It is narrated that the very last revealed surah is an-Nasr or at-Tawbah (especially the last verses of the surah at-Tawbah).

Muhammad lived for a short time²⁷ and passed away after this verse was released (Ibn Kesir, 1988, pp. 1077-78; Yazır, 1971, pp. 975-76; Es-Sabuni, 1995, 1:325).

Khalifa Omar (r.a) said in a message during a sermon: “*One of the last verses of Qur’an to be revealed was on riba and Prophet, peace be upon him, passed away without explaining it to us. Leave things that are suspicious to you and take things that are not suspicious*” (Ahmad, 2005, 1:36,50; Ibn Mace, 2000, Ticarat: 58; Ibn Kesir, 1988, p. 1067). As Islamic sources often mention the following well-known hadith on interest, they advise Muslims to be more sensitive and timid on this issue than others. “*The halal is clear and the haram is clear, and between them are matters unclear that are unknown to most people. Whoever is wary of these unclear matters has absolved his religion and honor. And whoever indulges in them has indulged in the haram. It is like a shepherd who herds his sheep too close to preserved sanctuary and they will eventually graze in it*” (Buharî, 2000, İman: 39, Büyû: 2; Müslim, 1979, Müsakat: 107; Ebû Davûd, 2000, Büyû: 3; Tirmizî, 2000, Büyû: 1; Neseî 1,981, Büyû: 2).

If a conclusion has to be made, Allah’s completion of the last verse of the last holy book he revealed to His last Prophet around the subject of interest with the essentials of daily economic life issues such as trade, borrowing, commitment, contract, liability and *infaq* should have an important message for Muslims. As, previous to this, Prophet’s birth in Makkah, one of the most important centers of trade, his marriage with a reputable merchant lady and dealing with commerce from his childhood until the day when the revelation started, his choice of a commercial market place while notifying the people of Medina upon revelation, his *hijrah* to Medina which had an important market culture with a rich population composition, the establishment of Islam’s first state there and the Battle of Badr triggered from a dispute of a caravan of international trade, all cannot be considered as mere coincidences, hence, must contain an important message for the followers of this religion.

By considering possibly the natural course of economic life without ignoring the variabilities based on space and time, this *message*, according to us, shows the awareness of the importance and responsibility of Muslims to *establish an economic system* which is universal according to the general and specific divine order and recommendations. That Qur’an and sunnah do not present these issues in detail is in accordance with the mood of the divine-natural order out of the general frame-

27 According to different narrations, it is reported that Prophet Muhammad lived for 3 hours, 7 days, 8 or 9 nights, or 31 or 81 days more (Ibn Kesir, 1988: pp. 1077-78; Yazır, 1971: pp. 975-76; Es-Sabuni, 1995, 1:325).

work. It is probably because the issue was left to the mercy and will of the human being (Muslims) for living together in peace and justice due to the very dynamic and ever-changing variability of the economic life.

By looking at it from this framework, today's Muslims in their economic lives are expected to fulfill their obligations by using their minds in order to extinguish poverty, instability, injustice and to create prosperity for their own world and whole humanity through perceiving the timeless and spaceless validation of the Creator's basic universal message. Based on the message given to them, a Muslim-built dynamic (self-perpetuating) system/civilization that has a validity beyond time and space not only for their own interest and prosperity, but for the welfare, peace and honor of all mankind will fit the meaning and intent of the verses examined in this article.

Conclusion

There are 13 verses in total regarding the issue of *riba* (interest) in the Holy Qur'an. These verses are of two kinds: The first three of these verses, are not firmly related to the prohibition of *riba* but towards discrediting it. Other verses (10 of them) that were revealed later (in fact some of them were revealed towards the end of revelation) precisely ban *riba*. The prohibition of *riba* has taken place in four phases in the Holy Qur'an. First phase recommends not to deal in *riba* instead of banning it completely (ar-Rum, 39). In the second phase, *riba* again is not directly banned, however, the calamities that the Jews went through due to their disobedience to its prohibition are narrated and with that believers are advised to avoid the same situation (an-Nisa, 160-161). The third phase consists of verses that ban a ruthless method of *usury* with a certain language. While dealing with interest, the *jahiliyyah* Arabs in the pre-Islamic period restructured the debt and doubled the amount of debt with the extension of the loan when it was not paid in due time by borrowers (aal-Imran, 130-132). The fourth phase contains verses that explain the reason of the interest, its difference from trade and *infaq*, and the consequences to be faced in this world and hereafter in the case of obeying and disobeying its prohibition (al-Baqarah, 275-281).

As seen, one of the most important conclusions of this article is that a *gradual* approach over the prohibition of interest has been used in Qur'an regarding the sociological adaptation of the verse as the *jahiliyyah* society was intensively dealing with *riba*. In other words, during the revelation of the Qur'an, the process of ad-

dressing people's minds over time, persuading them gradually and ensuring their adaptation is a preferred method instead of abolishing the traditions suddenly that have been practiced for a long time.

However, (another conclusion of this article) as it is understood from the verses that were revealed in the second phase, the interest was also prohibited in the divine texts that were revealed before the Holy Qur'an. Therefore, since the beginning, the divine message focuses on the same goal that can be summarized as 'the establishment of truth and justice in the world and abolishing of every type of injustice'.

Another conclusion of the study is that the language used in the verses related to interest is quite stronger than the one used for other sins. The reasons for the absolute prohibition of interest and choice of different and stronger wording can be understood from the text of the verses. The relative differences and harshness of the language in interest verses is because of the evaluation of the act in a different way than other practical prohibitions, in other words, its partial relevance to the believers' faith and its connection with the fundamentals of a true, just and moral based social and economic order that Allah wants to be established on earth.

The following expressions were designated while examining the language of the interest verses that mention warning or penalty for disobeyers: avoiding the fire prepared for non-believers, arising from the grave as touched by Satan, everlasting stay in hell, insisting on *kufr* and sin, doing corruption on earth, declaration of war from Allah and His Messenger, Allah's clear statement that He does not like those who behave like this, explanation that complying with the ban is a matter of faith and avoiding the things to be faced on the day of judgment... Wording of the hadiths narrated over the issue are also similar. Hadiths mention that the interest receivers and takers are first invited to repentance, that their beheading is ordered and their *jihad* is wasted if they don't obey, that war is declared against them, that the receivers, payers and witnesses are cursed and that it is one of the destroying sins.

One and maybe the most important reason of the strong wording in verses and hadiths concerning interest is the claim of the *jahiliyyah* period, as in today's capitalist system, that trade (profit) is like interest. However, in the eyes of Islam, the two are completely different concepts as one (trade) represents the truth and the other (interest) represents the falsehood. The reason for it is that interest prevents people from doing productive activities and beneficial deeds (building civilizations) both for themselves and for the society. On contrary, the main motivation and dynamics of an Islamic economic system is to work and produce. Producing with

effort and providing the livelihood of himself and of those under his responsibility is considered as an essential part of a Muslim's servitude.

Another reason for why interest was prohibited and such a strong wording was used, is that the usage of interest caused the devastation of the truth and justice by assimilating the real and the virtual exchange and equating the truth and the falsehood. By inciting to use unjust ways of income, the interest weakens the motive of helping each other that is based on benevolent loan (*qard hasan*) and also increases the risks of *adverse selection* and *moral hazard* based on asymmetric information in financial markets. These can also be among the reasons for the prohibition of interest and the strong wording.

Another reason for prohibition of interest is the *issue of property*. As interest can be interpreted as 'gratuitous confiscation of the borrower's property to a certain extent by the lender', claims say that it cannot be considered as legitimate for the right and safety of the property (defined as sacred in Islam) which are violated though it partly is based on the will of both sides. Finally, the reason for the prohibition and strong wording might be that it could destroy the distribution of the income and wealth as the wealthier receive more income exploiting the poor using interest, which causes harm to the social justice.

The massive destruction that the interest causes through risks and crises may be another reason for the prohibition and strong wording. The *tafseer* commentators have said that while the results of other sins are only affecting the individuals and their inner circles, the violation of the prohibition of interest has a larger effect by harming the economic, social and moral balances of the society. To state briefly, the aim of the interest ban in Qur'an is that the macroeconomic stability, which protects and increases the welfare of the society, should be guaranteed. The main social order that Islam is based on, is built on a certain kind of balance and equilibrium. Therefore, activities like interest which are intended to destroy the divine/natural order are strictly prohibited in Islam.

Another important result that the study lays forth is that the verses on interest in surah al-Baqarah are placed in the middle of two recommended and beneficial economic behaviors, which are the verses on *infaq-sadaqah* and debt, and that the right and wrong decisions are presented comparatively to the believers.

To conclude, the verses on interest in surah al-Baqarah, especially the verse 281 is considered as the last revealed verse, according to some Islamic resources. It is even said that Prophet Mohammad passed away only a few days after the revela-

tion of this verse and that he could not provide detailed information on interest. As both the order of revelation, and the Prophet's teaching of Qur'anic verses by his practice are based on divine wisdom, it can be said that this issue points out the responsibilities of the believers towards building a divine-message based system in the face of the contemporary dynamism of economic life and also opens for them wider avenues of understanding (*ijtihad*).

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