



Fiqh Study of Bank Interest

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Info Articles	Abstract
Article History Received: 2025-12-14 Revised: 2025-12-22 Published: 2025-12-30 Keywords: <i>Bank interest; usury; Islamic jurisprudence; Islamic law; khilafiyah</i>	The study of Islamic jurisprudence (fiqh) on bank interest has given rise to diverse views among Islamic scholars. Most contemporary scholars consider bank interest to be usury (riba), which is forbidden in Islam, while others permit it, taking into consideration mutual consent and modern economic realities. This research uses a literature review method with a qualitative and comparative approach to classical and contemporary Islamic jurisprudence sources. The results of the study indicate that there are three main views: bank interest is forbidden because it is riba nasiah (usury of the Prophet); bank interest is permissible because it is considered a reward for services; and the subhat view, which tends to be cautious. These differences indicate that the law on bank interest is khilafiyah (disputed). Therefore, it is important for Muslims to understand the basis of the arguments behind each opinion and make choices based on peace of mind and the principles of Islamic sharia.

I. INTRODUCTION

Islam teaches its followers to help each other, one example of which is lending money. However, lending should not be done to the detriment or misery of others. An example of harmful lending is the usury system, which involves excess and additional payments without any required compensation or reward for either party.

In Islam, collecting usury or profiting from loans is forbidden. This is emphasized in Surah Al-Baqarah, verse 275 of the Quran, even though Allah has permitted buying and selling and forbidden usury. This view also drives the rise of Islamic banking, where the concept of profit for savers is derived from a profit-sharing system, not interest, as in conventional banks. According to some opinions (including the Indonesian Ulema Council), bank interest is considered usury. The most striking aspect of usury is the initial agreement. So, when we save at a certain interest rate, we will know the exact results. This contrasts with the profit-sharing principle, which only provides a profit-sharing ratio for depositors. This has a significant impact on subsequent transactions. If the agreement is set at the outset, the percentage the saver receives is

already known, then the target to cover the interest amount is the entrepreneur who borrows the capital, and whatever happens, the loss will definitely be borne by the borrower. This contrasts with profit-sharing, which only provides a certain ratio for depositors. So what is shared is the profit that is obtained, which is then divided according to the ratio agreed upon by both parties.

Today, society is faced with the problem of banks, which in practice impose an interest system on anyone involved in transactions with them. Transacting with banks is tantamount to committing usury. Bank interest can be defined as the reward provided by banks, based on conventional principles, to customers who buy or sell their products. Interest can also be defined as the price paid to customers (those with deposits) in comparison to what customers (those who obtain loans) must pay to the bank.

Another view holds that interest is the amount of money paid or calculated for the use of capital. This amount, for example, is expressed as a rate or percentage of the related capital, called the capital interest rate. In conventional economic systems, interest is the price of capital. Monetary economics literature often states that

the demand and supply of money depend on the interest rate. In this mechanism, interest behaves like a price, as in the goods market. Today, society is faced with the problem of banks, which in practice impose an interest system on anyone involved in transactions with them. Transacting with banks is tantamount to committing usury.

II. RESEARCH METHODS

This study employed library research with a descriptive and comparative qualitative approach. Data were obtained from written sources such as classical fiqh books, modern books, scientific journals, fatwas of scholars, and evidence from the Qur'an and the hadith of the Prophet Muhammad (peace be upon him) relating to usury and bank interest.

The qualitative approach aims to describe and understand the phenomenon of bank interest law from a fiqh perspective, while the comparative approach is used to compare the views of various classical and contemporary scholars regarding bank interest law. Data analysis techniques are carried out by formulating, classifying, and examining the arguments used by each party who believes that bank interest is haram, halal, or subhat. This process is carried out to explore the khilafiyah dimension of bank interest law and its practical implications for Muslims in their daily transactions.

III. RESULTS AND DISCUSSION

A. Research result

This study examines in depth the differences in the views of Islamic scholars regarding the law on bank interest from the perspective of Islamic jurisprudence. The results of the study show that these differences can be classified into three main categories, namely: (1) the view that prohibits bank interest because it is considered usury; (2) the view that permits bank interest on the grounds that it is compensation for the use of money; and (3) the view that considers bank interest as a subhat matter, so it is better to avoid it to maintain caution in transactions.

No	View	Scholars	Argumentation
1	Haram (Rba)	Yusuf Qardhawi, Abu Zahra, Abu A'la Maududi, MUI, Majma' al-Fiqh Islami	Interest is determined at the beginning of the contract and includes riba nasiah, prohibited in the QS. Al Baqarah: 275-276
2	Halal (Not Usury)	Mahmud Syaltut, Muhammad Abduh, Sayyid Thanthawi, Ali Jum'ah	Interest is considered a reward for services; transactions are carried out on the basis of consent, according to QS. An-Nisa: 29
3	Subhat (Not yet clear)	Muhammadiyah Tarjih Council	The law on bank interest is not clear (syubhat), so it is better to avoid it to maintain the principles of muamalah.

Based on the above findings, it can be concluded that the law on bank interest is a matter of khilafiyah (a legitimate difference of opinion) in Islamic jurisprudence. Therefore, Muslims need to understand the evidence and arguments behind each view and determine their stance based on the principles of prudence and peace of mind in their religious beliefs. In this

context, tolerance and mutual respect for differing opinions are crucial.

B. Discussion

1) Understanding Bank Interest

The definition of a bank according to Law No. 7 of 1992 concerning banking is a business entity that collects public funds in the form of savings and distributes them to the public in order to improve the standard of living of the people. Meanwhile, bank interest is the excess service that must be paid to the bank from the borrower or the party in debt. Bank interest is a fee paid when paying for services for borrowing money provided by the bank in a certain period. Interest is determined through a percentage of the amount of savings or the amount of the loan.

Bank interest has caused pros and cons among Muslims, especially in Indonesia. Lexically, interest is a translation of the word interest. Terminologically, as expressed in the Oxford English Dictionary of the English Language, interest is defined as: (1) money paid for the use of money lent (the principal), or for forbearance of a debt, according to a fixed ratio (rate per cent). (2) premium or interest or money (or goods) or received on loan, gain made by lending money, namely interest, is a liability on a loan, which is usually expressed as a percentage of the money lent or a reward given to the depositor whose amount has been determined in advance. The fee or reward is usually set in the form of a percentage (%) and will continue to be charged as long as there are remaining savings or loans so that it is not limited to the term of the contract.

Bank interest is a form of compensation given by the bank to customers for funds deposited in the bank, calculated as a certain percentage of the principal amount and the term of the deposit or the interest rate charged on loans given by the bank to its debtors.

In banking, there are 2 types of interest given by banks to their customers, namely:

- Deposit interest is interest paid as a reward to customers who deposit their money in a bank. Examples include savings interest and deposit interest.
- Loan interest, which is interest charged to customers by banks specifically for customers who have loans at the bank, for example credit interest.

These two types of interest are the main components of the cost and revenue factors for conventional banks. Both deposit and loan interest rates influence each other. When deposit interest rates are high, loan interest rates automatically rise, and vice versa. Bank interest is considered usury (riba), and therefore prohibited in Islamic teachings. Riba can occur in both consumer and productive loans, and in essence, riba in bank interest burdens borrowers.

2) Bank Interest Law According to Fiqh View

There are several opinions of scholars in determining the law on bank interest, namely:

- a. It is forbidden and includes usury, because the excess payment has been determined when the contract takes place. This opinion was put forward by Mushthafa Zarga and Abu Zahra, who were great scholars in the 20th century.
- b. It does not include usury, because it is quite rational for the management costs and services provided to the owner of the money. This opinion can be expressed by Mahmud Syaltut from Al Azhr.
- c. Subhat, meaning it's unclear what's permissible (halal) and what's forbidden (haram). They tend to be cautious. This opinion was put forward by the Muhammadiyah Tarjih Council in Indonesia.

The laws regarding usury and bank interest are still widely disputed among Muslims. Some argue that usury is haram if it is multiplied, and others argue that any additional amount from a loan is the definition of usury. Others argue that bank interest is not haram because it is only a small amount and is

therefore considered a storage service. As for the bank's deductions, which are large amounts, even larger than the interest earned, this is normal because the bank has provided a service to safeguard and facilitate various transactions. Moreover, the customer is aware of this beforehand, so it cannot be used as a justification for allowing interest (usury).

3) Bank Interest According to the Views of Scholars

Contemporary scholars differ in their opinions regarding the legality of bank interest. First, some scholars, such as Yusuf Qaradawi, Mutawalli Sya'rawi, Abu Zahrah, and Muhammad al-Ghazali, state that bank interest is haram because it constitutes usury (riba). This opinion is also shared by Islamic scholar forums, including the Majma' al-Fiqh al-Islamy, Majma' al-Fiqh Rabithah al-'Alam al-Islamy, and the Indonesian Ulema Council (MUI).

The argument for the prohibition of usury is the word of Allah subhanahu wa ta'ala in Surah al-Baqarah verse 275:

Meaning: Even though Allah has permitted buying and selling and prohibited usury. And the hadith of the Prophet Muhammad sallallahu alaihi wasallam narrated by Jabir bin Abdillah: Second, several other contemporary scholars, such as Sheikh Ali Jum'ah, Muhammad Abduh, Muhammad Sayyid Thanthawi, Abdul Wahab Khalaf, and Mahmud Syaltut, emphasized that bank interest is legal and does not include usury. This opinion is in accordance with the fatwa issued by Majma' al-Buhus al-Islamiyyah on 23 Ramadhan 1423 AH, coinciding with 22 November 2002 AD. They adhere to the words of Allah subhanahu wata'ala Surat an-Nisa' verse 29:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِّنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

Meaning: O you who believe, do not consume your neighbor's wealth in a vanity (unrighteous) manner, unless it is in the form of commerce based on mutual consent

between you. Don't kill yourself. Indeed, Allah is Most Merciful towards you.

In the above verse, Allah forbids consuming another's property through unlawful means, such as theft, extortion, and usury. Conversely, Allah permits such activities if conducted in a business transaction based on mutual consent. Therefore, the consent of both parties to a transaction to determine the profit amount upfront, as occurs in banking, is justified in Islam.

Furthermore, they argue that if bank interest is haram, then any addition to the principal is also haram, even if the addition was not stipulated in the contract. However, if the addition is permissible, then bank interest is also permissible, as there is no difference between bank interest and the addition to the principal.

From the explanation above, it can be understood that the law on bank interest is a matter of disagreement. Some scholars forbid it because it is considered usury, and others permit it because they do not consider it to be usury. But they all agree that usury is haram. In such a matter of disagreement, the principles of mutual tolerance and respect must be prioritized. This is because each group has devoted its efforts to *ijtihad* (Islamic jurisprudence) in determining the law on this matter, and ultimately their opinions still differ. Therefore, a Muslim is given the freedom to choose an opinion according to his or her conviction. If he or she is firm in believing that bank interest is permissible, he or she can follow the opinion of the scholars who permit it. However, if he or she is in doubt, he or she can follow the opinion of the scholars who forbid it. The Prophet (peace and blessings of Allaah be upon him) said, "Goodness is whatever soothes your heart and soul. Sin is what causes doubt and anxiety, even though many people say it is good." (Narrated by Ahmad).

The majority of Islamic scholars agree that bank interest is usury and therefore forbidden. A meeting of 150 prominent

Islamic scholars at the Islamic Research Conference in Muharram 1385 H, or May 1965, in Cairo, Egypt, unanimously agreed that all profits from various types of loans constitute usury, which is forbidden, including bank interest. Various international Islamic scholar forums have also issued fatwas prohibiting bank interest.

Abu Zahrah, Abu „ala al-Maududi Abdullah al-Arabi and Yusuf Qardhawi said that bank interest is a form of *riba nasiah* which is prohibited by Islam. Therefore, Muslims should not engage in *muamalah* with banks that use an interest system, except in cases of emergency or necessity. In fact, according to Yusuf Qardhawi, he does not know the term emergency or necessity, but he absolutely forbids it. This opinion is confirmed by Al-Syirbashi, according to him, bank interest is earned by someone who keeps money in the bank including a type of usury, whether a little or a lot. However, if you are forced to, the religion allows you to borrow money from the bank with interest.

Dr. Sayid Thantawi, who issued a fatwa on the permissibility of bond certificates issued by the National Bank of Egypt, which still uses an interest system in its entirety, and other experts such as Dr. Ibrahim Abdullah an-Nashir in the book *The Attitude of Islamic Sharia towards Banking* said, "The correct statement is that there can be no Islamic strength without being supported by economic strength, and no economic strength without being supported by banking, while there can be no banking without usury." He also said, "This banking economic system has a clear difference with usurious practices that are prohibited by the Noble Qur'an. Because bank interest is a new transaction, the law of which is not subject to the definite texts contained in the Qur'an regarding the prohibition of usury."

The opinion of A. Hasan, founder and leader of the Bangil Islamic Boarding School (Persis) is that bank interest like in our country is not

usury which is forbidden, because it is not dual in nature.

According to the 1992 national conference of Nahdlatul Ulama (NU) scholars in Lampung, NU scholars did not rule that bank interest was absolutely haram. While some scholars forbade it, others permitted it for emergencies and other reasons. The Commission VI meeting of the 27th Muhammadiyah Tarjih and Tajdid National Conference (Munas) at the University of Muhammadiyah Malang (UMM) determined that bank interest constitutes usury and is therefore haram.

IV. CONCLUSION AND SUGGESTIONS

A. Conclusion

From the description above, there are several things that the author can conclude, namely:

1. There are several opinions of scholars in determining the law on bank interest, namely:
 - (a) It is forbidden and includes usury, because the excess payment has been determined when the contract takes place.
 - (b) It does not include usury, because it is quite rational for the processing costs and services provided to the owner of the money. This opinion can be put forward by Mahmud Shawtut from Al Azhr
 - (c) Subhat, meaning that it is not clear what is *halal* (permissible) and *haram* (forbidden), tends to be cautious. This opinion was put forward by the Muhammadiyah Tajrih Council in Indonesia.
2. The issue of bank interest is a controversial one. We must leave its assessment to each individual, as this is a matter of *ijtihad*. Clearly, when considering issues of *muamalah*, we must always reflect on the basic principles and ethics of Islamic economics, so that everything we do is in accordance with the objectives of Islamic law.

B. Suggestion

I hope this article is beneficial to everyone, especially every human being on this earth, so that they can always worship and obey the

teachings of Allah SWT. If anything in this article, whether in words, writing, or anything else, seems to point to heresy, I ask that it be corrected, as the author, as a mere human being, is bound to make mistakes.

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