



Fatwa no. 8713

Q: Please be informed Your Honor that most people in our country deal in sales based on Riba (usury/interest). They pay nine thousand and five hundred Riyals

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for a Datsun car of the coming year's model, and ten thousand Riyals for the same car of a different model. The Datsun car costs fifteen thousand Riyals or more. I am an Imam (the one who leads congregational Prayer) of a Masjid (mosque) and think that this is Riba. Please enlighten me. Your prompt reply will be highly appreciated as this transaction has become widespread in our society.

A: If the case is as you mentioned, this is a kind of sale called Salam sale (sale with advance payment). This type of sale is permissible when the following conditions are met: the specifications of the car which determine the price should be defined for the purchaser. The time period of payment must be specified. The type of the car should be presumed to be available at the time payment is due even if it is not available during the agreement. The vendor should be paid the whole price during the agreement and before the two parties depart. This applies whether the price is the same if paid in cash or the price is more or less in case of deferred payment. Moreover, this transaction can not be regarded as Riba Al-Fadl (usury of excess, selling an item for another of the same type, on the spot, but in excess) nor Riba Al-Nasi'ah (usury of delay, conditional excess for delay of payment) due to the difference in type between the two exchanged commodities [the sold commodity (here cars) and the paid commodity (i.e. money) Trans.] and for the fact that one of the two commodities [i.e. cars. Trans.] is not usurious.

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May Allah grant us success! May peace and blessings of Allah be upon our Prophet Muhammad, his family and Companions!

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