

126601 - Transferring money to the supplier in a foreign currency via the bank

the question

I import and export some goods. With regard to exchange, when we want to exchange local currency for foreign currency,

We contact the bank agent to find us the cheapest rate of exchange, then when we agree to it, he transfers our money through the bank to the seller of the goods abroad in the chosen currency, in such a way that we do not take possession of the money ourselves, rather it is only papers or a phone call. Is this permissible?.

Detailed answer

Exchanging local currency via the bank to foreign currency that will be received by the exporting company in its own country is selling currency for currency, and it is permissible if the exchange between you and the transferring bank is completed in the same sitting in which the agreement is made. The exchange may be done by taking possession of the money itself or by taking possession of the cheque or transfer papers.

It says in Fataawa al-Lajnah al-Daa'imah li'l-Ifta' (13/448):

It is permissible to exchange paper currency of one country for paper currency of another country, even if they differ in quantity, because they are different in nature, but that is on condition that the exchange be completed in one sitting. Taking possession of a check or transfer papers comes under the same ruling as making the exchange in the same sitting. End quote.

It is permissible for the bank to charge a fee for the transfer. In Fataawa al-Lajnah al-Daa'imah (13/369) it says:

With regard to transferring money from one bank to another, even if that is in return for extra payment taken by the transferring bank, it is permissible, because the additional amount taken by the bank is a fee in return for the transfer process.

Based on that, there is nothing wrong with you transferring money in the manner mentioned, and it is sufficient for you to take possession of the papers which confirm the transfer. As for merely informing people by phone that the transfer has been made is not sufficient, because this can not be regarded as handing over.

And Allah knows best.