

13735 - Credit cards

the question

Nowadays many people use “Credit” cards (credit cards) which are issued by some of the banks. The gold cards cost 548 riyals and the silver cards cost 245 riyals. This amount is paid to the bank annually by the person who uses the Credit card, like an annual subscription.

The way these cards are used is that the card allows the bearer to withdraw as much money as he wants from the bank’s branches as a loan, and he has to repay the same amount of money within a period not exceeding fifty-four days. If he does not pay it back within the period stated, the bank will charge interest of 1.95 riyals for each hundred riyals of money withdrawn. The bank also charges 3.50 riyals for every hundred riyals of cash withdrawn by the carrier of the card, or a minimum of 45 riyals for every cash withdrawal.

The carrier of this card is also entitled to buy products in stores that the bank deals with, without paying any cash, and it becomes a loan from the bank. If he delays paying off the cost of what he has bought for more than fifty-four days, they will charge 1.95 riyals for every hundred of the price of the products purchased from the stores that the bank deals with.

What is the ruling on using these cards and subscribing annually to the bank in order to use these cards?.

Detailed answer

This question was put to the Standing Committee, who replied:

If the credit card is as described, then it is a new kind of riba-based transaction and of consuming people's wealth unlawfully, making them fall into sin and contaminating their earnings and dealings. It comes under the same rulings as the riba of the Jaahiliyyah which is forbidden in sharee'ah. (Either you pay it off at the appointed time or you increase the amount). Hence it is not permissible to issue such cards or to use them. And Allaah is the Source of strength. May Allaah send blessings and peace upon our Prophet Muhammad and his family and companions.

Shaykh Ibn 'Uthaymeen (may Allaah have mercy on him) was asked about this and he said:

The answer is that a contract of this type is not permissible, because it involves riba which is the price of the card, and it also means committing to pay interest if payment is delayed.