

## **147442 - Bank holding a certain amount of money in return for issuing a credit card**

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### **the question**

I submitted an application for a Visa card to the al-Bilaad bank. I have an account with the bank but my salary is not paid into it, so they stipulated that they want to hold 2000 riyals which they will not do anything with unless there is no payment for three months and after they cancel the credit card and ask me to pay off the balance owed. They also stipulated that I should pay 150 riyals in fees for issuing a new card. When I received the card they told me that there is an annual charge of 100 riyals for use of the credit card regardless of whether I use it or not. I did not find any of these conditions mentioned on the application form that I filled out; they only told me that this amount would be shown on the bank statements.

Is it permissible to carry on with them in this case? Please note that I need it to some extent, in order to buy from the Internet.

### **Detailed answer**

Firstly:

It is permissible for the bank that is issuing the credit card to charge clearly stated fees when issuing or renewing a credit card, because this is a fee for offering services, as was stated in the Resolution of the Islamic Fiqh Council; see the resolution in full in the answer to question no. [97530](#)

Secondly:

It is permissible to stipulate the deposit of 2000 riyals as surety with the bank, so long as it does not make use of it, because if

there is no money in the customer's bank account, that means the bank is lending to him, and it is not permissible for a loan to bring benefit, which is the bank's making use of this money.

It is permissible for the bank to invest this money in the form of *mudaarabah*; the bank is entitled to a share of the profit, as is the customer. In that case it is essential that these percentages be stated and the customer be informed of them before embarking on the *mudaarabah*.

It says in *al-Ma'aayeer al-Shar'iyyah* (p. 20): In the event that the financial institution obliges the user of the card to deposit a certain amount of money as a guarantee that the card user cannot dispose of, it must state that it is investing it in his interests in the form of *mudaarabah* and the profits are to be shared between him and the bank according to the agreed terms.

On p. 25 it says:

In the event that [the bank] stipulated that the card user must deposit some money to allow him to use the card, it is not permissible for the bank to prevent him from investing the money deposited in his account, because that comes under the heading of "every loan that brings a benefit is *riba*." Hence the alternative is to deposit that money on the basis of *mudaarabah*.

It is permissible for the bank to keep the money without investing it and without benefiting from it, as stated above. This comes under the heading of surety in the form of money, which is permissible according to many *fuyaha'*, on condition that the bank does not use it.

See: *al-Mawsoo'ah al-Fiqhiyyah*, 41/192

And Allah knows best.