

281749 - He is working with an agent to import from overseas in return for commission from which he pays a percentage to the bank to finance purchase of the goods

the question

I opened a business in a specific sector, and I deal with an agent in China who receives commission for his services, which involve purchasing the goods, inspecting them, shipping them and arranging the time for payment. But part of that commission is a percentage that the bank takes to finance purchase of the goods. Please note that there is no direct contact between me and the bank; rather the commission I pay is a percentage of the value of the purchase. Is that permissible, or is this riba?

Detailed answer

It is not clear from your question what the bank's role is in this transaction.

If its role is to finance the purchase, i.e., it pays the price on your behalf, then takes it later on with something extra, then this is a riba-based loan and is haraam, whether you do that yourself or the agent does it on your behalf.

But if the purchase is made with your money, but the payment is made through the bank, and the bank takes commission for transferring it to the seller, then there is nothing wrong with that.

Similarly, there is nothing wrong if the bank buys the product for itself and takes possession of it, then sells it to you.

So the ruling depends on what you are doing and knowing the role of the bank in the transaction.

You should understand that taking a riba-based loan includes taking money directly from the bank, with the stipulation that it be returned with something extra. It also includes the

bank paying money on behalf of the customer, and taking it back from him with something extra. All of that is riba and is haraam.

Al-Qurtubi (may Allah have mercy on him) said in his Tafseer (3/241): The Muslims are unanimously agreed, based on reports from their Prophet (blessings and peace of Allah be upon him), that stipulating that something extra be added when returning a loan is riba, even if it is a handful of animal feed – as Ibn Mas‘ood said – or a single grain. End quote.

Ibn Qudaamah (may Allah have mercy on him) said in al-Mughni (6/436): A loan in which it is stipulated that extra be paid back is haraam and there is no difference of scholarly consensus concerning that. Ibn al-Mundhir said: They [the scholars] are unanimously agreed that if the lender stipulates that the borrower must pay back something extra, or give him a gift, and he gives the loan on that basis, then taking the extra on that basis is riba. It was narrated from Ubayy ibn Ka‘b, Ibn ‘Abbaas and Ibn Mas‘ood that they forbade loans that bring benefits. End quote.

And Allah knows best.