96749 - Importing goods via the bank

the question

A person’s profession requires importing materials for his lab from abroad. Instead of paying himself, the bank pays for him once he receives the goods. He does not pay the bank except after a prearranged time period. For the service the bank provides, he has to pay some extra money. This extra amount is negotiable. It may be 5% or more or less. This extra amount added to the actual amount of the goods is for delaying immediate payment.

Detailed answer

This
transaction may take two forms:

1 – Where the
bank buys the goods for itself, then sells them to the customer after taking possession of them. This is what some Islamic banks do, and they call it a muraabahah transaction in which a letter of credit is opened in the interests of the customer. This is permissible, because if the bank buys the product for itself and takes possession of it, it is permissible for it to sell it for a higher price, to be paid immediately or in instalments. So it may buy it for one hundred, for example, and sell it for one hundred and ten in instalments.

But in this
case it is essential that the bank do the letter of credit in its own name, so that the product will in fact be bought by it, and it will not merely be a trick.

2 – Where the
role of the bank is to finance the purchase only, and not to buy the product

for itself, rather t buys it for the customer in return for some profit or interest. This is a haraam, riba-based transaction, because in fact it is a loan with interest. The bank lends one hundred to the customer and takes back one hundred and ten.

For more details please see al-Khadamaat al-Istithmaariyyah fi'l-Masaarif by Dr. Yoosuf al-Shubayli (2/470).

And Allaah knows best.