Debtors And Creditors: Prohibition Of Interest In Islam

Interest is not allowed in Islam. That is mean that the creditor cannot charge any extra amount to the debtor but on the other hand, the debtor also cannot pay less than the amount borrowed unless the creditor gives discount, which is religiously recommended but it is solely at the creditor's consideration. If the debtor pay less than the borrowed amount, it is seem as unfair to the creditor. Regarding the repayment of debts in paper currency, there are varies opinions from the jurists since the value of paper currency goes up and down like a yo-yo very often (Khan et al., 2013).

According to Khan et al. (2013), Hanafis, Malikis, Shafi'is and Hanbalis generally said that the debtor should pay the exact amount regardless of the increase or decrease in the value of the money. Al-Bahuti, a famous Hanbali theologian, uphold that the creditor should accept the payment of debts in exact amount even the value of currency fluctuates unless the government cancel the currency itself. However, Abu Yusuf, a student of Abu Hanifah, retained that debts should be paid according to the variation of currency value. On the other hand, for al-Rahuni, a Maliki jurist, the repayment must be the same with respect to the value of the currency has not changed too much and al-Shawkani with some Muslim jurists such as Ibn Taymiyyah, Ibn al-Qayyim, Hasan ibn Husayn and 'Abd al-Rahman ibn Sa'di have held that if the currency value change too high, the debtor must repay based on the value of the money, not the amount borrowed.

Khan et al. (2013) explained further from Shi'a contemporary jurists' views, al-Tashkhiri, who said that if the currency value change a little, it is not viewed as notable harm, which means that the repayment amount is the amount that has been borrowed, while the repayment amount must followed the currency value at the time of taking the debt, not based on the quantity of the currency if the value of the money changed more than half of the original value. Beside al-Tashkhiri, al-Khumayni pointed out his view. He said that if the borrowed property is somethings whose equivalent is available in the market such as dirham, dinar, wheat or barley, then to repay it, the debtor should give the same kind in terms of feature no matter whether the borrowed property's value still remains the same as it was at the time of being borrowed, or goes up or down. This kind of settlement of debt does not depend on the agreement of the parties so one of them cannot refuse the payment method. However, the repayments can be done by using other items, such as repay the debt by dirhams instead of dinar, but this require agreement from both parties. Meanwhile, if the borrowed property is something whose equivalent is not available in the market, such as animals and real estates, then it becomes the borrower's responsibility to repay the identical value in the state of whatever currency is in customary flow. This settlement also does not need mutual agreement from both parties unless the debtor wants to settle the repayment using another item than money, it is permissible but it required consent from both parties.