IJSSAR International Journal of Social Sciences and Academic Research
www.ıjssar.net ISSN: 2510-9782

Original Article
Received/Accepted Dates
02.03.2024/14.04.2024

Islamic Approach to The Interest / Riba

Prof. Dr. İsmail OZSOY

Advisory Board Member, EFC Ethical Funding Co., CA.

ismailozsoy@yahoo.com; ismailozsoy@gmail.com

Abstract

In Islam, the term *interest/riba* diverges significantly from other systems, encompassing multifaceted dimensions that expand beyond their scope. It places immense importance on the concepts such as *right*, *equity*, and *justice* and greatly emphasizes their protection. Hence, it strictly prohibits *interest* since it equates it with injustice. Considering *interest* exactly interchangeable with *riba or usury*, this paper aims to define it precisely from an Islamic perspective, drawing insights from the Quran and the hadith (sayings) of the Prophet Muhammad Peace be upon Him (pbuh). Beyond the widely recognized '*interest of debt*,' the Prophet (pbuh) introduced to mankind another type of interest: '*the interest of exchange/trade*' with His hadith called *the Hadith of Six Things*. Including even *the interest of debt*, the only kind of interest mentioned in the Quran, this hadith miraculously outlines 72 interest-bearing transactions out of 216 *in two sentences* and suggests *universal rules* and *crisis preventive measures* for markets to function properly in a natural process. The study emphasizes that interest is a cause of injustice, not only for its payers but also for *its receivers*. It delves into the *reasons for the prohibition of the interest of debt* and *that of surplus*, *the reasons for interest arising in money and goods*, *tips for detecting interest*, and the impact of fungible and non-fungible goods on interest argument. The paper argues that the *mortgage system*, as is widely applied today, does not enter into interest if the bank pays the price directly to the seller, not the customer as a loan. Therefore, the concepts of profit and trade, often confused with interest, are dealt with and explained within the scope of the study. Islam sees money as a unit of measurement with no intrinsic value, thus this work criticizes the concept of the *time value of money* and suggests the *time value of goods* instead. In the meantime, the issue of *bubbling* in the financial sector is addressed from the Islamic perspective of interest. Lastly, it provides measures against financial crises as presented by the Prophet (pbuh).

Keywords: Interest/riba, usury, time value of money, Interest of debt, Interest of exchange, Interest of surplus, Interest of term, the Hadith of Six Things/Items, Financial crises, Bubbling, Mortgage system, Profit, Trade.

JEL Classification: D33, E4, N4, P4, Z12

Definition and Scope

In Islamic literature, the concept equivalent to “**interest**” is “**riba / ربا**”, which signifies excess, surplus, and growth. The term “**faiz**” in Turkish (originally “**فائض**” in Ottoman Turkish) and “**faida / فائدة”**,” in Arabic both refer to this term.

In pre-Islamic times, the Arabs used the word “riba” in daily life to denote not only *excess* but also the “*increase in debt as the term/maturity date is extended*” as it is commonly understood today (Hamood, 1976: 104).

The concept of riba is also used in the Qur'an in the sense of “**virtual increase**”, and “**swelling**”, and it is mentioned in the Quranic verse that the dry soil swells with the rain.[1] This is nothing more than the swelling of the soil, that is, its *virtual increase*, without any increase in its quantity.

This Quranic expression best describes the situation of the financial sector breaking away from the real economy and swelling with interest-bearing transactions. This situation is expressed with the word **bubbling** in English. It demonstrates that the Quran, with its timeless features, sheds light on today’s economic relationships more than it did on the day it was revealed. This timelessness is also evident in the Prophet’s definition of interest, which we will explore shortly.

In this study, remembering that the term ‘*interest’* refers to **“unrequited transfer of value—income”** wherever it appears may help us understand the subject better.

To define it **concisely, *interest is an actual or potential surplus in lending and exchange transactions without an equivalent*** **(Özsoy, 1995, 12/110).**

To elaborate a bit more, *from an Islamic perspective,*

Interest refers to an actual or potential surplus or a gratuitous transfer of income arising in lending transactions or during the exchange of goods or currencies contracted in cash or on credit,
in consequence, inherently causing an injustice and loss for one of the parties, either for being unearned income or when earned, being unequally shared.

In other words, *interest* is a measurable or noticeable imbalance/disproportion in *loans* or *exchanges* where one party gains at the expense of the other. Manifesting as an unrequited excess, it has no consideration/equivalence/counterpart that can be equitably matched. This phenomenon leads to economic disparities among individuals, production factors, and even nations, leading to significant social, economic, and financial challenges.

---

[1] *“You see the earth as dry, but when We send down water there, it soon stirs and swells, producing many beautiful plants from every beautiful pair that pleases the eyes and the heart*.” (The Holy Quran, Haj, 22/5).

The Quran equates **interest** with **injustice** (zulm/ ظلم) and the Prophet Muhammad (pbuh) also reiterated this concept of injustice in his **Farewell Sermon (**Abu Dawud, No.3334**)**. Additionally, He succinctly explained the concept of **riba** to encompass today's complex financial transactions. Besides, He made suggestions that could serve as a prescription for **financial crises, as discussed in this study.**

Notably, the Prophet expanded the frame of riba to include all unethical conduct and **unfair, unrequited gains** arising *outside of commercial and financial transactions*. Typical examples include: **(a)** t**urning** the help (intercession) handed to a needy person into material gain through a gift accepted in return later (*Abu Dawud*, No.3541); **(b)** m**aking high profits** in trade by taking false oaths (*perjury*) (*Bukhari*, No.2675), and **(c) taking advantage** of customer's ignorance of market conditions and prices and selling him at an inflated price (Bayhaqi, 1925: V/349).

To caution Muslims against interest, Prophet Muhammad (pbuh) cited examples of moral concerns the Arab society of his time was particularly sensitive to. Stating that interest/riba is seventy-three types, He compared its least harmful form to marrying closest relatives and the most severe form to violating a Muslim's purity and honor. This way, He broadened the concept of interest (riba) to encompass *spiritual oppressions* beyond monetary and commercial transactions (Ibn Majah, No.2275; Abu Dawud, 4876).

However, the **Quran**[2] and the **Prophet** (pbuh) use only the term **riba** within the context of financial and commercial transactions. Moreover, no other term than riba appears in classical Islamic literature when explaining these transactions. *Therefore, it is impossible to exclude interest-bearing transactions in today's modern banking and financial system from the scope of the Islamic prohibition of riba by using alternative terms*, regardless of what they may be called.

Both the Quran and the Prophet (pbuh) draw attention to the counterproductive and barren nature of interest-based policies.[3] Among other reasons, one economic argument is that interest leads to unequal income distribution, hindering the optimal allocation of resources and their effective utilization.

Interestingly, insisting on interest policy is compared to fighting Allah and His Prophet in the Quran (Baqara, 2/279). From this warning, it can be concluded that interest practice is a policy contrary to the law of supply and demand. This is because interest rates are set based on future

---

[2] The Quranic verses regarding interest in their order of descent are as follows: Rum, 30/39, Nisa, 4/160-161, Al-i Imran 3/130, and Baqara, 2/275-280. (The first number indicates the sequence number of the surahs in the Quran.)

[3] "*That which you give any interest so that it may increase in people's property has no increase with Allah.*" Rum, 30/39; "*Allah clears off interest and makes almsgiving fruitful*." (Bakara, 2/276); *"There is no one who deals in interest a great deal (to increase his wealth) but he will end up with little (i.e., his wealth will be decreased)",* Ibn Majah, *Sunan*, al-Tijarat. https://sunnah.com/ibnmajah:2279, March 15, 2024.

expectations and predictions. However, it is impossible to know the supply and demand conditions of the future. Therefore, no one can accurately predict market dynamics far in advance. Hence, *setting interest rates today for the future means taking the risk of conflict with the unknown future supply and demand forces.* Yet, the laws of supply and demand destroyed even the giant Soviet economy which resisted it.

The Prophet Muhammad (pbuh) identified *interest as one of the seven major sins* that can lead both individuals and societies toward destruction. Consequently, He (pbuh) emphasized the imperative of avoiding it.[4] Notably, this prohibition extends across various religions, and throughout history, many philosophers and scholars have criticized interest due to its detrimental effects. This must be because human conscience and common sense do not approve of the injustice and inequality inherent in the interest policy.

Kinds of Interest

In Islamic teachings, two kinds of interest exist. First, there is **the interest of debt/loan**.[5] It manifests in debts and loans as a percentage or fixed payment added to the principal amount. This concept has been universally known throughout human history.

Additionally, Islam introduced the notion of **interest of exchange/trade**.[6] This type of interest arises during the exchange of goods, and the exchange of currencies, whether conducted immediately (hand-to-hand) or at a predetermined future date (forward).

The interest of exchange is also subdivided into two types; First, there is the **interest of surplus.**[7] It manifests during immediate (hand-to-hand) exchanges as a *quantitative excess* in either of the two exchanged items of the same kind.

The second type is the **interest of term/delay/deferral**[8], which arises during exchanges or sales as a *quantitative* or *potential surplus* (value differentiation) when the delivery of one of the exchanged items involved is deferred to a specific term. Yet, any trade wherein one of the items is money is exempted from this ruling, regardless of the delivery which party is deferred: cash monetary payment for deferred goods or immediate goods for deferred monetary payment.

---

[4] The Prophet (pbuh) cautioned against seven destructive actions. When asked about these actions, He replied: “They are associating anyone or anything with Allah in worship, practicing sorcery, unjustly taking someone’s life (which Allah has forbidden), consuming the property of an orphan, engaging in interest, fleeing from the battlefield, and slandering chaste women who uphold their chastity and are faithful believers (Bukhari and Muslim).

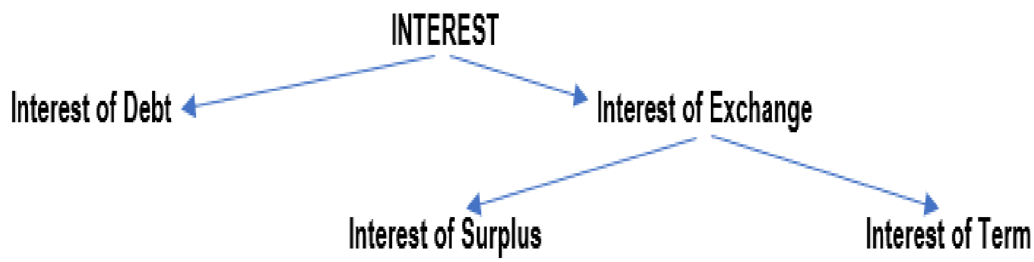
[5] in Turkish **borç faizi** and Arabic **ربا الدين**

[6] in Turkish **alış-veriş faizi** and Arabic **ربا البيع**

[7] in Turkish **fazlalık faizi** and Arabic **ربا الفضل**

[8] in Turkish **vade faizi** and Arabic **ربا النسيئة**

While the Quran addresses *the interest of debt*, the sayings/hadiths of the Prophet Muhammad primarily focus on *the interest of exchange*.



a. Interest of Debt/Loan (in Turkish **Borç faizi** and Arabic **ربا الدين)**

> ***The interest of debt is an extra payment added to the principal amount in return for a certain term or for the extension of the term whatever the origin of the debt: a loan, price of a purchase, or any other liability. This extra payment is usually a predetermined rate of the principal.***
>
> ***This percentage or any extra charge is paid to the creditor/lender by the borrower independently of the outcome of the business at which the loan/debt is employed, regardless of whether this outcome is very high, low, zero, or even negative.***

The interest of debt is also called **interest of loan/credit (**in Turkish **ödünç/kredi faizi** and Arabic **ربا القرض**).

The interest of debt occurs in any transaction that has the following two elements:

1. A debt of one party for the other party whatever its origin is (monetary loan, price of a purchased good, or any financial liability).

2. Stipulating an extra payment such as money, goods, financial liability to be paid, or any benefit provided, in addition to the debt during the repayment.

For instance, consider a scenario where a loan of $1000 is given with the stipulation that it will be repaid as $1100 after one year, with a 10% interest rate. Here, the additional $100 represents *the interest of debt*.

In this transaction, there is *no direct equivalent* for $100; even if such an equivalent exists, it is not precisely $100. This deviation or discrepancy highlights a value inequality and the possibility of unreturned, one-way value transfer.

Furthermore, the concept of interest of debt may extend beyond non-monetary transactions. For instance, it may involve lending money to a borrower under the condition that repayment be made in a different location, thereby avoiding the logistical burden of physically moving funds or mitigating the risk of loss. Similarly, some lenders may offer loans provided the lender can reside rent-free in the borrower's house.

Why does the Quran prohibit the Interest of Debt?

> ***In the interest of debt/loan, either the interest payer (borrower) or interest earner (lender) but one of the two inevitably suffers injustice as clearly stated in the Quran[9] with its indirect meaning, "If you do not give up interest either you deal unjustly or you shall be dealt with unjustly."*** (Baqara, 2/279; Özsoy, 1993: 46)

As seen, the Quran identifies interest with **injustice**. The verse from the Quran, *"Either you deal unjustly or you shall be dealt with unjustly"* suggests that unfairness in interest-bearing transactions is paramount. The Quran forbids interest because it introduces uncertainty and inequity: It is neither certain whether a profit from a loan-funded business will be made nor the amount of profit, if yes, from the beginning. To set in advance a fixed interest rate creates an imbalance, making it impossible to share the results of the loan fairly. As a result, *one party, either the lender or the borrower, is condemned to suffer a loss. This unavoidable risk is the reason why Islam has prohibited interest practices.*

The inherent unpredictability of business outcomes—ranging from substantial profits to significant losses—means that in interest-based transactions, one party (either the payer or receiver of interest) is bound to face injustice. This is due to the unavoidable gap between the interest rate fixed at the beginning and the actual financial outcome, which can never be perfectly predicted due to human shortsightedness, despite advanced statistical tools. The ever-evolving economic, political, and environmental landscape further compounds these uncertainties and risks in the business world.

So, while a high interest rate naturally causes a loss to the borrower who pays the interest in unfavorable market conditions, a low interest rate causes a loss to the lender, who receives the interest income in good market conditions where very high profits are earned. Like a double-edged knife cutting on both sides, placed firmly between the lender and the borrower, any interest rate inevitably bleeds the body of one of the two sides. A just and balanced result, or medium way that both parties are satisfied with is one of the numerous possibilities.

Since all of the interest-based transactions have inherently the characteristics of inflicting a loss on one of the parties involved, payer or receiver, any extra payment above the principal amount is considered as interest/riba and prohibited by the Quran, regardless of whether this payment is termed '*simple*' or '*compound interest*', or is referred to as '*rent*', '*profit*', '*return*',

[9] The verses are as follows: "*O you who believe! Fear Allah, and give up what remains of interest, if you are indeed believers. If you do it not, take notice of war from Allah and His Messenger: But if you give up, you shall have your principal amount: Deal not unjustly, and you shall not be dealt with unjustly."* (Baqara, 2/278-9)

'*revenue'*, or any other term in various languages, such as '*faida* / **فائدة'** in Arabic, or *'faiz'* or '*nema'* in Turkish.

In short, different kinds or names of **interest** do not exclude it from the scope of the **interest** (or **riba**) strictly prohibited by the Quran. This prohibition applies in any case as long as it involves a predetermined rate of the principal amount or any extra payment over it. This is because there exists an inevitable injustice and unfairness in all kinds and varieties of interest, which can harm either the interest payer or the receiver.

Historically interest payers have been in focus and all the criticism has come for the sake of defending them. The change in the roles, namely, that it is not only petty businessmen and consumers but also the banks and large corporations who pay the interest, caused that *one-sided criticism of interest* to soften over time. So, many scholars, economists, and even theologians attempted to justify interest through various contradictory arguments.

Aren't Interest Receivers Ever Treated Unfairly?

Whereas, not only the payers but also the **receivers of interest** are subject to unfairness and injustice in the case of any interest-bearing transaction. Shouldn't we consider the case of the **lender**, who is wronged due to low interest, even though very high profits are made with his own money, as the debtor harmed by high interest rates to be fair and just to both parties? That is why the Quran completely rejects interest policy, which is a cause of injustice with its all rates: low and high, to protect the rights of both parties, in an all-embracing manner.

The interest of debt is also called **riba al-nasiah** (interest of delaying/ **ربا النسيئة**) and **riba al-jahiliyya** (jahiliyya interest/ **ربا الجاهلية**) because it was prevalent among the Arabs when Islam arrived. Different nominations (names) do not alter the fundamental unjust nature of interest (riba); they merely highlight minor variations in practices during that historical period. The central issue related to **the interest of debt** is its inherently unfair and unjust nature, as summarized above. The Quran directly prohibited this practice, and the Prophet Muhammad (pbuh) confirmed its prohibition on multiple occasions. The Prophet (pbuh) stated the following in the Farewell Sermon:

"... My Companions! All types of interest have been abolished; they are under my feet. However, you must pay the principal amount so that ***neither you deal unjustly nor you shall be dealt with unjustly.*** *Allah has forbidden you to take and give interest. All types of this atrocious practice that comes from the pre-Islamic times (Jahiliyya) are under my feet. The first interest I have abolished is the interest of Abbas bin Abdulmuttalib (the Prophet's uncle)."* (Zebidi, 1981: X/397: https://sunnah.com/ibnmajah:3055)

Whether the interest rate is low or high, simple or compound, whether for consumption or production purposes does not affect the fact that interest policy is haram. All Islamic sects of law/fiqh, whether Sunni or Shia, agree on this prohibition. (Khan, 1984: 31).

The interest of debt, widely debated and known to all, *encompasses credit and deposit interests* in modern banks. Since a specific amount of extra payment is made to the principal amount at the end of a specified term, there is no distinction between *the interest of debt* prohibited by the Quran and *today's bank interests*—whether paid or received—as in the *interests of bonds and securities*.

Interest Policy versus Market System

As touched briefly at the beginning, interest rates are determined based on supply and demand conditions today, often with a forward-looking perspective. However, the dynamic nature of markets means these conditions can change rapidly. Tomorrow's supply and demand conditions can differ significantly from today's. This divergence can lead to a mismatch between the previously determined interest rate and the prevailing market conditions.

Due to this inherent lag, a conflict arises between interest policy and the market system. Interest rates respond to past expectations, while market conditions evolve in real time. However, the market system operates on the principle of free exchange, where prices (including interest rates) are determined by supply and demand. When interest rates lag behind these dynamics, inefficiencies occur.

Critics argue that interest policies set by central banks or financial institutions can distort market signals. For instance, artificially low rates might encourage excessive borrowing or speculative behavior, leading to bubbles or misallocations of resources. In short, *the tension persists between interest rates and market dynamics.*

By rejecting interest-based transactions, *Islam aims to create genuine free market conditions*. From here it can be concluded that Islamic economics, which rejects interest, is in full harmony, and aligns, with the principles of a real market system.

b. Interest of Exchange/Trade/Sale[10]

Before delving into the interest of exchange, it is necessary to state that **purchase** or **sale**[11] and **benevolent loan**[12] are two different contracts. Benevolent loans are interest-free loans provided out of goodwill or charity.

While term (maturity) is legally binding in purchase-sale contracts and exchange transactions, it is not legally required in benevolent loans even if a term is fixed. Yet, observing the agreed-upon term in benevolent loans is *morally* binding.

---

[10] in Turkish **Alış-veriş faizi** and Arabic **ربا البيع** also **ربا السنة / Riba al-Sunnah/Sünnet faizi)**

[11] trading, exchanging

[12] lending without return (in Turkish karşılıksız ödünç/ karz-ı hasen, and in Arabic قرض حسن**).**

Hence, in a deferred purchase-sale contract, the price of the goods cannot be claimed until the maturity date expires. As for interest-based transactions, they are among the most important *binding* purchase-sale and lending contracts. Now, let's get to our main topic.

The interest of exchange *refers to that kind of interest that arises when goods or currencies are bought and sold hand-to-hand or to a fixed term.* The rules governing this form of interest were established by the Prophet (pbuh) through the hadiths as a sign of giving great importance to the concepts of 'right', 'justice', and 'equity' in the monetary, financial, and commercial transactions.

The interest of exchange applies to both the exchange of goods (within the category of goods) and the exchange of money, foreign currencies, and financial instruments (within the monetary category).

The following hadith[13] of the Prophet (pbuh) succinctly defines it:

"You should sell gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, and salt for salt, like for like, equal for equal, and hand-to-hand; if the classes (genus) differ, you may sell as you wish, provided the exchange is hand-to-hand."

(Muslim, Musaqat, 81; Abu Davud, Buyu', 12)

This saying of the Prophet Muhammad (pbuh), known as "*the Hadith of Six Things*"[14] appears *deceptively* simple. It seemingly describes basic trade relationships in the Seventh Century Arabian markets. However, its depth and scope go far beyond simplicity, it is very comprehensive and inclusive.

In this hadith, the Prophet (pbuh) miraculously encapsulated the concept of interest (riba), which is multifaceted and comes in various forms. Notably, the hadith even includes the *interest of debt*—the sole form of interest mentioned in the Quran. The Prophet (pbuh) outlined *rules to prevent interest*—an unbalanced transfer of value—from arising. He emphasized that failure to adhere to these rules would lead to numerous interest-bearing transactions.

In other words, *instead of listing detailed examples of dozens of interest-based transactions, the Prophet (pbuh)* opted for brevity by outlining **a few essential rules to avoid any interest-**

---

[13] عن عبادة بن الصامت رضي الله عنه قال: قال رسول الله صلى الله عليه وسلم: «الذهب بالذهب، والفضة بالفضة، والبُر بالبُر، والشعير بالشعير، والتمر بالتمر، والملح بالملح، مثلًا بمثل، سواء بسواء، يدًا بيد، فإذا اختلفت هذه الأصناف فبيعوا كيف شئتم إذا كان يدًا بيد.» رواه مسلم و ابو داود. حديث: الذهب بالذهب والفضة بالفضة (alukah.net)

[14] Although some writers refer to this hadith as the "Hadith of Six Commodities," it is incorrect because gold and silver, which are mentioned in this hadith, are not commodities but currencies. Commodities and currencies are quite distinct in nature and function. Therefore, we appropriately call it the "*Hadith of Six Things or Items*."

based transaction. Before introducing these rules, it will be useful to introduce the categories of money and goods.

The Category of Money and the Category of Goods

In this hadith, there are two categories:

(1) The **money category** represented by **gold** and **silver**, and

(2) The **goods category** represented by the four types of goods mentioned in the hadith (**wheat**, **barley**, **dates**, and **salt**).

This hadith emphasizes that **all transactions within a category must be made hand-to-hand**—on the spot with immediate delivery—to avoid interest. Hence, interest does not arise in **spot** foreign exchanges between different types of currencies within the money category or in **spot** exchanges between various goods within the goods category (barter).

However, the Prophet (pbuh) clearly states that the factor of time/term is the most significant *cause of interest*. According to this hadith,

when exchanging a commodity for another
or a currency for another,
a value differentiation occurs
between the two exchanged items,
if the exchange is not on the spot.
This applies to all forward transactions,
regardless of whether the two exchanged commodities or two currencies
are of the same or different kinds,
and whether they are equal or different amounts.

In summary, this hadith imposes *a broad limitation on forward transactions* as we will explore further below.

With this concise saying, the Prophet Muhammad expresses 216 exchanges, including,

- the exchange of currencies for currencies (within **the goods category**),
- or commodities for commodities (within **the money category**),
- in return for matching (equal) or different quantities.
- on the spot or forward.

According to this hadith of the Prophet (pbuh), out of these 216 exchanges, 72 sales involve a religiously forbidden "***interest***." (These figures were formerly miscalculated as 114 and 66.[15] For that, see, Ozsoy, 2016: 175-178).

[15] There are **6 items** in the hadith: two of which are money, and four goods. Each item has **6 alternative transactions** with itself (See, Table 1, Gold for Gold). Therefore, the total number of transactions for all six items is (6x6 = 36). Considering that each item has **6 transactions with 6 other items**, the total number of

All these transactions can be fully illustrated in the following matrix (Baslaib, 2018):

The matrix below shows how an item from the left column should be exchanged when paired with one of the items above.

Equal & spot means *amounts must be equal and exchange must be cash*; e.g., *gold for gold*.

Spot means *exchange in different amounts is free provided it is cash*; e.g., *silver for gold*.

Free means *exchange is free in different amounts, on the spot and deferred*; e.g., *gold for wheat*.

Table: Exchanges in Currencies and Goods by the Hadith of Six Items

Classes/ Items	The Category of Money		The Category of Goods			
	Gold	Silver	Wheat	Barley	Date	Salt
Gold	equal & spot	spot	free	free	free	free
Silver	spot	equal & spot	free	free	free	free
Wheat	free	free	equal & spot	spot	spot	spot
Barley	free	free	spot	equal & spot	spot	spot
Date	free	free	spot	spot	equal & spot	spot
Salt	free	free	spot	spot	spot	equal & spot

The most typical and comprehensive examples of these 216 transactions are as follows:

Table 1. Monetary Category (All the quantities are hypothetical)

GOLD for GOLD					
1.	100 gr	for	100 gr	on spot	Non-interest
2.	100 gr	for	100 gr	deferred	*Interest of term*
3.	100 gr	for	101 gr	on spot	*Interest of surplus*
4.	100 gr	for	101 gr	deferred	*Interest of term*
5.	100 gr	for	99 gr	on spot	*Interest of surplus*
6.	100 gr	for	99 gr	deferred	*Interest of term*
GOLD for SILVER					
7.	10 gr	for	500 gr	on spot	Non-interest
8.	10 gr	for	500 gr	deferred	*Interest of term*
9.	10 gr	for	550 gr	on spot	Non-interest
10.	10 gr	for	550 gr	deferred	*Interest of term*
11.	10 gr	for	450 gr	on spot	Non-interest
12.	10 gr	for	450 gr	deferred	*Interest of term*

transactions by **permutation calculation** is (6x6x6 = 216) in sum. Thus, the formerly miscalculated figure 114 has been revised to 216. *First*, the figure 114 (of which 66 interest-bearing transactions) has been revised and recalculated as 120 (of which 72 interest-bearing transactions). This figure of 120 includes only transactions of items in both categories within their categories. *Besides*, the transactions between the items of the money category and those of the goods category should be added as follows: Gold has a total of 48 transactions, having 12 transactions with each of the four commodities (12x4). Considering the same number of transactions for silver, the total number of transactions between the items of the money category and those of the goods category reaches 96, with the total transactions becoming **216** (120+96=216) of which **72** are interest-bearing transactions.

Table 2. Monetary Category in Today's Currencies

US DOLLAR for US DOLLAR				
100 $	for	100 $	on spot	Non-interest
100 $	for	100 $	deferred	*Interest of term*
100 $	for	101 $	on spot	*Interest of surplus*
100 $	for	101 $	deferred	*Interest of term*
100 $	for	99 $	on spot	*Interest of surplus*
100 $	for	99 $	deferred	*Interest of term*
TL for US DOLLAR				
300 TL	for	100 $	on spot	Non-interest
300 TL	for	100 $	deferred	*Interest of term*
300 TL	for	101 $	on spot	Non-interest
300 TL	for	101 $	deferred	*Interest of term*
300 TL	for	99 $	on spot	Non-Interest
300 TL	for	99 $	deferred	*Interest of term*
US DOLLAR for EURO				
130 $	for	100 €	on spot	Non-interest
130 $	for	100 €	deferred	*Interest of term*
130 $	for	101 €	on spot	Non-interest
130 $	for	101 €	deferred	*Interest of term*
130 $	for	99 €	on spot	Non-interest
130 $	for	99 €	deferred	*Interest of term*

All these above rules apply to all foreign exchanges.

Table 3. Category of Goods

WHEAT for WHEAT					
1.	100 kg	for	100 kg	on spot	Non-interest
2.	100 kg	for	100 kg	deferred	*Interest of term*
3.	100 kg	for	101 kg	on spot	*Interest of surplus*
4.	100 kg	for	101 kg	deferred	*Interest of term*
5.	100 kg	for	99 kg	on spot	*Interest of surplus*
6.	100 kg	for	99 kg	deferred	*Interest of term*
WHEAT for BARLEY					
7.	100 kg	for	100 kg	on spot	Non-interest
8.	100 kg	for	100 kg	deferred	*Interest of term*
9.	100 kg	for	101 kg	on spot	Non-interest
10.	100 kg	for	101 kg	deferred	*Interest of term*
11.	100 kg	for	99 kg	on spot	Non-interest
12.	100 kg	for	99 kg	deferred	*Interest of term*

Freed Forward Trade Owing to Money

Furthermore, this hadith addresses people lacking ready purchasing power (cash) for their immediate needs since it does not limit **forward trade transactions** between *currencies* within "*the category of money*" and *goods* within "*the category of goods*," that is, *the selling of a "commodity" from the goods category in exchange for a "currency" from the money category*.

For instance, 100 kg of wheat can be sold for $100 in cash or on credit. That which party is spot or deferred is irrelevant in deferred transactions when one party is money. Put differently, trading/exchanging ready goods for deferred monetary payment or cash for deferred goods is permissible.

Islam grants a **distinct advantage to money** in forward transactions, an advantage not extended to goods. This granted advantage emphasizes the trust in money placed by humans as a '**standard** measure of value' against goods. Consequently, while individual goods cannot directly determine/assess the value of other goods in deferred exchanges, money can do this as a **consistent** and **trusted measure** for pricing both immediate and future goods.

Table 4. Category of Currencies FOR Category of Goods

GOLD for WHEAT					
1.	10 gr	for	100 kg	on spot	Non-interest
2.	10 gr	for	100 kg	deferred	Non-interest
3.	10 gr	for	99 kg	on spot	Non-interest
4.	10 gr	for	99 kg	deferred	Non-interest
5.	10 gr	for	101 kg	on spot	Non-interest
6.	10 gr	for	101 kg	deferred	Non-interest
WHEAT for GOLD					
7.	100 kg	for	10 gr	on spot	Non-interest
8.	100 kg	for	10 gr	deferred	Non-interest
9.	100 kg	for	11 gr	on spot	Non-interest
10.	100 kg	for	11 gr	deferred	Non-interest
11.	100 kg	for	9 gr	on spot	Non-interest
12.	100 kg	for	9 gr	deferred	Non-interest

Table 5. Today's Currencies FOR Category of Goods

US DOLLAR for WHEAT				
$100	for	100 kg	on spot	Non-interest
$100	for	100 kg	deferred	Non-interest
$100	for	99 kg	on spot	Non-interest
$100	for	99 kg	deferred	Non-interest
$100	for	101 kg	on spot	Non-interest
$100	for	101 kg	deferred	Non-interest
WHEAT for US DOLLAR				
100 kg	for	$100	on spot	Non-interest
100 kg	for	$100	deferred	Non-interest
100 kg	for	$101	on spot	Non-interest
100 kg	for	$101	deferred	Non-interest
100 kg	for	$99	on spot	Non-interest
100 kg	for	$99	deferred	Non-interest

All these rules above apply to all fungible goods.

It can be said that the Hadith of Six Items is the simplest yet most comprehensive regulation governing economic life in human history, as it covers all permissible and impermissible (interest-bearing) transactions in the world of finance and commerce.

Why Gold and Silver?

It draws attention that the Prophet (pbuh) mentioned only gold and silver in the money category. Today, **gold** remains the most fundamental, primary, valuable, and globally accepted money representing itself and all golden currencies, while **silver** has lost its monetary status.

However, it can be argued that silver represents all secondary currencies except gold. These include all other metal coins, and paper money of any kind, including all national currencies, valuable or inexpensive. These secondary currencies may emerge and then vanish from circulation based on the specific conditions of place and time within any given economy.

From this perspective, the Hadith of Six Items holds a unique and profound significance. This is because, instead of citing **dinars** and **dirhams** (the coins in circulation during that era), the Prophet (pbuh) notes the metals—**gold** and **silver**—contained within them. This subtle distinction adds to its miraculous depth.

The reason for this is that, if the Prophet (pbuh) had used the terms *dinar* and *dirham*, it would not have been possible to say that dinar represents today's gold and dirham represents today's silver or other metal coins as well as all national currencies.

Why Wheat, Barley, Date, and Salt?

In addition, it seems that the goods in the hadith were not chosen randomly: (1) **Wheat**, which represents grains, is the most important food source for humans and (2) **barley** for animals. (3) **Date** is the representative of the fruit species with the richest nutrition (Pandya, 2024) and the most suitable feature for human nature (ihvanlar.net, 2024), and (4) **salt** represents all the spices and sweeteners that are indispensable for meals.

As appears, *these goods were deliberately and thoughtfully selected by the Prophet* (pbuh), and these items serve as representatives of all fungible goods within categories of their own.

Goods Subject to Interest and the Reason for Interest to Occur Therein

Although Islamic scholars agree unanimously that interest is forbidden, there are different opinions about *where and in what conditions it occurs among Islamic fiqh schools (sects)* (**مذاهب الفقه**). These various views[16] arise because the **reason for interest**[17] accepted for each school, which forms the base for the judgment of interest, is different.

According to most Islamic scholars, the *six types of items* stated in the Prophetic saying are not expressed to restrict the interest only with these items, but to give examples because *all these items are fungible*.

---

[16] These opinions have been excluded from the scope of the study due to lack of space and the width of the subject.

[17] in Turkish **Faizde İllet** and Arabic **علة الربا**

That means that *goods and currencies mentioned in the hadith are subject to interest due to specific qualities. Therefore, all goods or precious metals/currencies sharing the same qualities are also subject to interest.*

This caused the emergence of a subject called '*reason for interest*' (**علة الربا**)[18] in Islamic jurisprudence. *The reason for the interest is an obvious, definite, and perceptible characteristic or feature that forms the base for the judgment of interest.*

According to the Islamic approach, goods are divided into two kinds in terms of being or not being subject to interest, since not all goods are subject to interest:

- **Fungible goods**[19]
- **Nonfungible goods**[20]

All fungible goods[21] are subject to interest. A *fungible good* is a *standardized commodity or money* that is freely interchangeable and easily replaceable with another of the like nature or kind in fulfilling a financial obligation in owed goods or money.

Fungible goods are goods with no differences in their units; even if, these differences are not significant because there are similar goods in the markets. They have a market price at which they are freely bought and sold in the market and they can be objectively assessed by ***weighing***, ***measuring*** in volume, or ***counting***.

Gold, silver, iron, copper, etc. are included in the first group; corn, grains, and olives are in the second group. Since the weighing prevails in grains, they are now in the group of weighing rather than measuring in volume in the past.

Eggs, watermelons, melons, pots, spoons, books, etc. are measured by counting. Goods produced in factories nowadays are regarded in the same group as their production and qualities are standardized. So are the fabrics and other woven materials assessed by measuring unit: meter. Currencies and all kinds of money, including commodity-money are naturally fungible and are subject to interest.

---

[18] See for detail, Özsoy, 1993: 104 and more.

[19] in Turkish **mislî mallar** and Arabic **الاموال المثلية**

[20] in Turkish **kıyemî mallar** and Arabic **الاموال القيمية**

[21] *Fungibility* is the property of a commodity whose individual units are capable of mutual substitution. A good is fungible if one unit of the good is substantially equivalent to the other unit of the *same* good of the same quality at the same time and place.

Examples of fungible commodities are crude oil, wheat, orange juice, precious metals, and currencies.

A good is liquid and tradable if it can be easily exchanged for money or another *different* good. (Wikipedia contributors. (2024, February 22). Fungibility. In *Wikipedia, The Free Encyclopedia*. Retrieved 14:43, February 26, 2024, from https://en.wikipedia.org/w/index.php?title=Fungibility&oldid=1209635509)

Tips for Detecting an Interest-bearing Transaction

As goods of interest, the basic features of fungible goods are as follows:

(a) They can be *objectively measured* by using commonly accepted units of measure,

(b) When exchanged with/for each other, they can be compared if they are of the same kind, and

(c) Thus, we can determine whether the two exchanged items are equal or if one is more or less than the other.

Hence, **interest/riba** comes into view either as

*(1) an **actual quantitative difference** in one of two items exchanged in the **spot exchanges**,*

*(2) or it arises as a **potential value difference,** which often becomes a measurable realized difference in either of the two items by the end of the process (i.e., term).*

Thus, it is quite easy to detect a value transfer in the following (a), (b), and (c) cases because one of the items exchanged is either fewer or greater than the other. Then this difference in the quantity constitutes the interest.

GOLD for GOLD				
(a) 100 gr	for	101gr	on spot	*Interest of surplus*
(b) 100 gr	for	101gr	deferred	*Interest of term*
(c) 100 gr	for	99 gr	deferred	*Interest of term*
(d) 100 gr	for	100 gr	deferred	*Interest of term*

As for the case (d), even though there is no difference in quantity, *a value difference* may arise between the two items due to the time. This is because the market price of gold may change from the present time to the fixed term.

Say, if the present price of gold is $10 for one gram, it may rise to $11, or fall to $9. Thus, this price change of $1 constitutes *the interest of term* as a value transfer from the seller to the buyer or the opposite.

This applies to the following deferred exchanges between gold and silver since the present and future rates of gold and silver may change regardless of only one or two of them are deferred:

GOLD for SILVER				
10 gr	for	500 gr	deferred	*Interest of term*
10 gr	for	550 gr	deferred	*Interest of term*
10 gr	for	450 gr	deferred	*Interest of term*

Concerning the cases of interest in nonfungible goods; *a nonfungible good*[22] *refers to a commodity* ***subjectively evaluated*** *by individuals.* Unlike fungible goods, nonfungible goods are not freely exchangeable for, or replaceable by, another of the same nature or kind in fulfilling a financial obligation. These goods lack a specific established market price because their valuation and assessment rely on subjective and individualistic decisions. Examples of nonfungible goods include real estate, historic artifacts, houses, animals such as horses, camels, cows, sheep, precious stones, manuscripts, and antiques

When nonfungible goods are compared with and exchanged for each other (or with/for fungible goods), it is impossible to specify a quantitative or potential value difference between the two exchanged items. Therefore, it is objectively impossible to declare that one item is more or fewer/less than the other in quantity, size, weight, measure, or value, which could be classified as '**interest**'.

For example, a horse can be changed for a car hand-to-hand, but not on a forward/deferred basis. Thus, *in spot sales, nonfungible goods are not subject to interest*. *But they are subject to interest of delay in the case of forward sales*; because a value differentiation, which might not be taken seriously by subjective evaluation in a spot sale, may turn out to be a considerable value change in forward sale due to the fixed term, thus a cause of disagreement and conflict between parties.

The Reason for Interest to Emerge in Gold and Silver (Money)

The reason for the emergence of interest in gold and silver differs from that of the other four goods mentioned in the Hadith of Six Things due to their monetary characteristics and status. Specifically, the primary function of money is to serve as a unit of value measure for all other goods, akin to weight or length measurements. Consequently, gold and silver are inherently subject to interest.

Thus, anything that serves as money becomes subject to interest if not properly exchanged in spot or forward transactions, as instructed by the Prophet (pbuh). The logical consequence of this reasoning is that money must consistently maintain the same value—today and tomorrow—similar to all other standard units of measure.

Just as one meter equals 100 centimeters, and one kilogram equals 1000 grams, money's value remains constant across time. Unlike elastic materials that stretch or shrink, its value does not fluctuate. Other things do not measure the value of money, but money always measures the value of all other goods.

Thus, 100 liras should be exchanged for 100 liras today and tomorrow if it functions as a unit of value to measure other things, ***not a commodity*** *to be measured by other measures*[23] except by other foreign exchanges, such as liras by dollars or euros by pounds.

[22] In Turkish: **kıyemî mal** and in Arabic: **مال قيمى**

[23] **However, since every national currency represents a national economy, it can fluctuate in value compared to other national currencies due to each national economy's underlying strength or**

From the Islamic standpoint, the *productivity of monetary capital* is indirect, potential, and uncertain. Its effectiveness relies on its connection to goods. Let's think of monetary or financial capital. Just as a female won't produce offspring unless it mates with its male partner, similarly, monetary capital remains dull and lifeless until labor or enterprise sets it in motion. Without such activation, it doesn't increase merely over time.

If someone wants to make money from monetary capital, he should invest it in a production process that converts it into goods. Then, the process should allow the goods to be sold or monetized otherwise, eventually turning them back into money. During this cycle, any increase or decrease in monetary capital—whether profit or loss—depends solely on the fluctuation in the market value of the *goods* during these conversions. Essentially, there is no time value associated with money itself; rather, it pertains to goods the monetary capital is converted to. *Shortly, there is* ***no time value of money but that of goods*****.**

Naturally, lending 100 liras for 110 liras without adequately considering the potential risks in the production process is analogous to exchanging 100 cm for 110 cm. The 10 liras difference could represent an unearned income or a small fraction of a substantial profit generated from the initial 100 liras.

Furthermore, suppose any fixed income (interest) is assigned directly to a monetary capital without first linking or converting it to goods in a production process. In that case, the connection between money/financial returns and the real economy becomes distorted. The essential link that should exist between the real economy and finance weakens. When this process remains uncontrolled or unsustainable, the specter of financial crises looms on the horizon.

The Reason for Interest to Emerge in Goods

Since the goods subject to interest are fungible in principle, the reason for interest to appear in them is their common (or most characteristic) features such as their being of the same kind and being measured by the same unit of measure.

These features help us notice the quantitative difference causing interest between two items exchanged on the spot or the potential value difference between two items traded to a certain maturity. Now we can move on to the types of interest of exchange.

---

weakness. These fluctuations are the primary cause of changes in exchange rates. Unforeseen shifts in exchange rates also introduce risks in forward foreign exchange transactions. That's why the Prophet (pbuh) prohibited such forward foreign exchange dealings. Regarding the inflationary cases, the loss of value in money may be paid/compensated according to the realized, backwardly/retrospectively calculated, and officially announced inflation figures (using the realized inflation rate between the time the debt was borrowed and the time of repayment) or the debt must be paid by indexing it to goods or precious metals not losing value or to *a basket of goods* or precious metals.

The Types of Interest of Exchange

The interest of exchange encompasses two subtypes: '*interest of surplus/excess*' (riba al-fadl) and '*interest of term/delay/deferral*' (riba al-nasiah).

a. The Interest of Surplus[24] refers to the quantitative excess found in one of the exchanged items when the same kinds of money or goods are exchanged *hand-to-hand*, that is, in the spot market.

b. The Interest of Term.[25] **(**Except for cases where money is one of the two parties), *the interest of term* (*deferral*), potential value transfer, arises in *forward sales* where one or both of the goods traded or the currencies exchanged are deferred/on credit; regardless of whether the items are of the same or different kinds, whether the amounts are equal or different or whether the goods are fungible or nonfungible.

The cases of 'interest of surplus' and 'interest of term' in the Islamic jurisprudence and the reasons for these cases to be interest (**علة الربا**) can be determined as follows:

> ***1. The interest of surplus refers to the quantitative excess in one of two fungible goods or precious metals of the same kind during the immediate exchange. This quantity difference in one party should not be taken as a direct response or equivalent to values like quality, carat, or workmanship contained in the other.***
>
> *Namely, when exchanging two goods of the same kind, pricing the quality in one of them by the amount difference in the opposite causes the interest of surplus.*
>
> *Likewise, while exchanging two precious metals of the same kind, pricing the workmanship in one of them by the weight difference in the other leads to the interest of surplus.*
>
> *The reason for interest to occur here is that the goods or coins are of the* ***same kind*** *and the* ***same unit of quantity*** *(measure, weight, number, or length); that is, they're measured with the same unit of measure.*
>
> *Of the exchanged items, the* ***sameness in kind and measure*** *(e.i., belonging to the same kind and measure****),*** *causes a clear and noticeable interest relationship between two exchanged goods or coins when one is different in quantity. This sameness helps easily detect the quantity difference between the two items.*

[24] in Turkish **fazlalık faizi** and Arabic **ربا الفضل**

[25] in Turkish **vade faizi** and Arabic **ربا النسيئة**

Therefore 10 units of low-quality wheat cannot be exchanged for 8 units of high-quality wheat. Likewise, 10 grams of 24-carat gold cannot be sold for 12 grams of 18-carat gold.[26] The difference in quantity cannot be priced for, or matched with craftsmanship.

For instance, 10 grams of processed/worked gold cannot be exchanged for 12 grams of unprocessed. The two grams in both examples are *the interest of surplus* despite the difference of carat or craftsmanship.

Why Quality and Workmanship are Neglected in the Interest of Surplus (ربا الفضل)?

There may be a need to exchange two goods of the same kind only because of the difference in quality, carat, or workmanship. Other than that, such an exchange has no meaning.

Although quality, carat, and craftsmanship have a market value from the Islamic point of view, it is understood that they are not completely regarded as *goods* or *standard values*. Therefore, these values are not accepted to be matched with a certain amount of the *goods* containing them for which they are to be exchanged; because it is difficult to use *objective* criteria to measure these values whose *subjective* characteristics are more apparent.

In other words, ***as subjective values, quality in goods and craftsmanship in precious metals are not accepted to be priced with the objective quantity difference of the goods containing those values.***

The reason for this prohibition may be the possibility that these values can also be a stepping stone to the idea of interest in other transactions. For example, quality, carat, and workmanship can be misused as an instrument for an income transfer -i.e., interest- in an intended interest-bearing transaction between two parties.

For example, when a jeweler is asked to borrow 100 grams of gold, who intends to earn profit from this business may give 90 grams of gold and claim that this gold also contains 10 grams of workmanship value and count 90 grams as 100 grams. The borrower reluctantly accepting this may tend to pay back 80 grams of gold by counting it as 100 grams claiming that it involves 20 grams of workmanship.

Thus, disagreements might arise between the people, and no measure would be left in exchanges. For this reason, it has been ordered that *the market value of quality and workmanship contained in the items should be measured not as goods or metals of the same kind, but as money, which is more objective*.

When the Prophet (pbuh) learned that a quality date offered to him was exchanged unequally for dates of low quality, He declared that this was interest/riba. Thus, He forbade the exchange of

[26] However, if there is standardization in the carat of gold, taking the carat difference as the price of the gram difference may cease to be interest.

different quality goods of the same kind in various amounts, e.g., 10 units of high-quality dates with 15 units of low-quality dates; instead, He commanded the selling of the low-quality goods in hand and the purchase of other high-quality goods of the same kind with that money (Bukhari, al-Wakalah, No.2312). Likewise, If 12 grams of unprocessed gold is to be exchanged for 10 grams of processed gold; first, 12 grams of unprocessed gold must be sold for money, and then processed gold must be purchased with that money.

Time/Term is the Most Important Reason for Interest

> ***2. Interest of term refers to a potential value difference that manifests in any forward sale when delivery of one or both items exchanged are deferred (except when money is involved); regardless of the kinds of items, same or different, and regardless of their amounts, equal or different. The reason for interest to occur here is 'term', namely 'time' only.***

Therefore, *even if the amounts are equal, neither wheat can be exchanged for wheat, barley for wheat* nor *cement for iron* on a forward -delayed or deferred- basis. Even if only one of two items is deferred, it is enough for interest to occur.

The importance of *term -time-* derives from the possibility that the value balance established and agreed on during the initial contract between two items by the parties –seller and buyer- may shift and be disturbed in the forward sales and a value differentiation -disparity, inequality- may manifest between the two exchanged/traded goods.

Thus, TL for the euro or US dollar should be exchanged on the spot at the current exchange rate. Any future or forward sale between different currencies causes *interest of term* due to the possibility of a change in the exchange rate because of time.

For example, if the exchange rate between the US dollar and TL is 1 for 1.1, 100 US dollars should be sold for 110 TL hand-to-hand without delay.

The Hadith of Six Things Includes the Interest of Debt in the Quran

If the delivery of one of the currencies is delayed -for example, 100 US dollars in cash is exchanged for deferred 110 TL- *the interest of term* arises because of the possibility of a change in the exchange rate of two currencies. Hence, the transaction may result in an unexpected loss to the detriment of one party and in favor of the other party as a *zero-sum game*.

Let's consider another scenario: when $100 is sold or loaned for $105 for a year term, it results in a value transfer of $5 from one party to the other, being *the interest of term* besides *the interest of debt.*

Similarly, if a financial certificate of $100 with a 5% annual interest rate is exchanged for another certificate of $100 with an 8% interest rate over a two-year term, a value transfer arises between the parties due to the difference in interest rates–specifically, 3% annually, being *the interest of term* besides *the interest of debt* as well.

While value transfers appear seemingly equivalent to the nominal interest rates in these examples above, the actual and precise amount transferred only becomes evident at maturity. This uncertainty arises due to market conditions and the risks faced by the business utilizing the debt. Likely, the actual value will not align with the nominal interest rates due to the natural outcomes of interest rate policy.

As seen from the examples above, the interest of term in the Prophet's Hadith of Six Items even includes the interest of debt—the only kind of interest mentioned in the Quran.

Causes of Value Differentiation Due to Time

Some of the significant causes of value differentiation due to time can be listed as follows:

(1) **Market Conditions:** Market instability, characterized by fluctuations in money and commodity markets, can significantly impact value over time. Prices rise and fall due to various economic factors, affecting the overall value of assets.

(2) **Opportunity Cost:** Sellers or creditors may experience opportunity cost during the term. When their money or commodity is tied up in a transaction, they miss opportunities for other potential investments or uses. This opportunity cost contributes to value differentiation.

(3) **Debtor Burden**: Borrowers face unexpected challenges when the exchange rate of money borrowed or the market value of the commodity changes unexpectedly. For instance, if the borrowed currency depreciates or appreciates rapidly, the debtor may struggle to repay the loan, leading to value discrepancies.

These causes interact dynamically, influencing value differentiation in complex ways.

Therefore today's 100 units of commodity (or money) may turn to a *value* of 110 or 90 units tomorrow. With these properties, ***term or time is the most important cause of uncertainty and, hence, that of conflict*.** So, term/time is the main reason for interest in deferred sales.

While nonfungible goods are not subject to interest of excess/surplus, they are liable to *the interest of term*. For example, a historical real estate, say a small house, in Istanbul can be immediately sold for a ten-acre piece of land in Konya. But this sale is not permissible on a forward basis. This is due to the possibility of unanticipated value change in one of the properties. That value change may cause disappointment in the related party who considers him/herself in loss, which gives way to probable disputes between the two parties.

While *there is a possibility of dispute in the forward sales of non-fungible goods, this possibility is eliminated in spot sales*. This is because their prices are mostly determined by individual subjective decisions, not by objective market supply and demand,

Why does Money Eliminate Interest?

> ***3. In forward sales, if one of the items exchanged is money, the interest relationship is terminated, regardless of which party is deferred; monetary payment or delivery of goods.***

So, if one of the exchanged items is money and the other is a commodity, no interest occurs in this sale even if the delivery of one of the two is delayed; no matter which one –money or commodity- is delayed.

The reasons that interest does not appear here are:

(1) **Priority of Money**: Money provides liquidity, flexibility, and the ability to meet all needs without relying solely on physical commodities. In sales, priority and privilege are given money because it is a unit of measure since a typical unit of measure does not change over time, thus it is commonly accepted to be able to measure the value of the commodity for which it is exchanged.

(2) **Different Kinds and Incomparability**: Belonging to distinct categories, money and commodities are fundamentally different. They serve various purposes and have unique characteristics. This distinction cuts off the interest relationship between the two; thus, it is not possible to compare them with each other in a way that a surplus/excess can be found in one of them against the other, making it impossible to state that this one is more or fewer/less than the other, in quantity or value.

(3) **People's need for credit purchases:** People often face situations where they lack immediate cash or ready purchasing power, yet their needs persist and become urgent. In such cases, money serves as the best solution because of its unique advantages over goods.

Consequently, no interest relationship occurs in *money-for-commodity* and *commodity-for-money* transactions, whether on a forward basis or in hand-to-hand sales.

Shortly, the absence of interest in forward sales involving money and commodities arises from the distinct nature of money, the inability to directly compare money and commodities, and the practical need for credit purchases.

So, we can define ***the interest of exchange*** in short as follows:

> *"**The interest of surplus (riba al-fadl)*** refers to *the quantitative excess* in one of two fungible goods of the same kind and measured by the same unit when exchanged on the spot, regardless of the difference in quality between them.

The interest of term (riba al-nasia) refers to a *potential/probable/prospective value differentiation* between two items within the same category[27] due to the passage of time or a specified term when the delivery of one of the exchanged items is deferred, irrespective of their kinds and they are fungible or nonfungible. The interest here results from the delay/term/time itself.

Application of the rules: *All these rules apply to national or foreign currency transactions regardless of whether these transactions are between the same or different currencies.*

Financial instruments: *All financial products with nominal value fall under these rules.*

In summary, the Hadith of Six Items imparts lessons regarding financial instruments:

- *They should be exchanged or sold for money at the face/nominal value and immediately.*
- *They must not be involved in any forward transactions, whether with each other or in exchange for money.*
- *However, financial instruments can be used in forward transactions when one of the parties (such as a bill of lading) involves goods or services. It doesn't matter which one (goods or financial instruments) is forward.*

Measures Against Financial Crises: Insights from the Hadith of the Prophet (pbuh)

The 'Hadith of Six Items' of the Prophet Muhammad (peace be upon him) offers valuable insights into the context of financial crisis prevention. One concrete example that sheds light on the burst of the financial bubble leading to the 2008 crisis involves the sale of financial certificates with varying interest rates and different timeframes. During the 2008 financial crisis, these certificates played a significant role.

Let's delve into a mortgage financing strategy and dissect the intricacies of this process. Imagine a scenario wherein a bank initially acquires a home for $100,000 in cash. Subsequently, the bank sells the home on credit for $110,000. At this juncture, the bank holds a receivable of $110,000 from the client. This transaction, wherein a home worth $100,000 is sold by the bank to the customer for a future value of $110,000, constitutes a genuine trade. The profit of $10,000 earned by the bank has a tangible equivalence and is thus unrelated to the forbidden interest.

This is because trade essentially involves increasing the utility of goods. This occurs either by

(1) transferring goods from individuals with lower demand to those with higher demand (increasing the ***ownership value*** *of the goods*) or by

[27] As in the exchange of "goods for goods" or "currencies for currencies".

(2) moving them from a location where it's less expensive to one where it commands a higher price (increasing the ***location value** of the goods*), or by

(3) buying them cheaper at a cash price and selling on credit at a higher price (increasing the ***time value** of goods*).

In the case of mortgage financing, trade increases the time value of a home wherein the bank purchases it for cash $100,000, and then sells it on credit to a client for $110,000. Without this arrangement, the client would have had to wait years, relying solely on regular savings, to acquire the home.

Thanks to this transaction, the client immediately benefits from the home. The additional $10,000 payment, constituting the bank's profit is in return for the real appreciation in the home's time value on behalf of the client. The client gains from *the immediate benefit of home*, facilitated by this genuine trade.

In this context, mortgage financing has nothing to do with a loan or borrowing with interest. The *commercial profit* of the bank does not fall under the category of any kind of interest from the Islamic viewpoint, simply by labeling it as interest in this transaction.

As for the receivable of $110,000, the bank has two options with it: it can securely retain it within its vaults until the client settles the amount, or it can sell it to a mortgage firm at a discounted price. Opting for the latter initiates a complex process involving interest/riba and the potential formation of financial bubbles.

Interest and Formation of Mortgage Finance Bubbles: One Sheep in Several Non-existent Hides

A financial bubble is an economic cycle characterized by rapidly increasing prices of an asset to an unsustainable point in a speculative manner, causing the asset to burst or contract in value. This increase in the price is distinct from the asset's intrinsic value and not justified by economic fundamentals. Accordingly, there is a risk of subsequent collapse in which the asset price falls precipitously (Peter and Yu, 2011: 459-60; Gartner, 2024).

A rapid increase in the supply of credit leading to a combination of low interest rates and a loosening of underwriting (risk evaluation process) standards can bring borrowers into the market. A rise in interest rates and a tightening of credit standards can lessen demand, causing the housing bubble to burst (Investopedia, 2024).

However, our subject is not the interest rates applied in housing sales -which in our opinion is *not interest rate* but *the sales profit rate*- but the ballooning process caused by interest applications that occur in the next adventure of the receivables held by the bank after the sale.

Banks and mortgage firms engage together in a process known as *bubble formation*. In the process, banks sell receivables to mortgage firms at a discounted rate. Essentially, the mortgage firm pays less than the full face-value (e.g., $110,000) to gain the right to collect the remaining amount to be paid by the client. These receivables are then divided into smaller portions and sold in derivatives markets; a practice called ***repackaging***.[28]

In this manner, the bank acquires the necessary resources to finance a new home while the mortgage company generates fresh funds by converting its outstanding receivables into cash, an operation called *securitization*.

Thus, several houses can be financed with the repayments of one house. It is as if more than one hide is extracted from a sheep (Akbay, 2011: 7). Of course, the result of this can be nothing but a balloon: *just a sheep in several non-existent hides*.

Let's continue explaining: Suppose a $110,000 receivable is sold for a total of $120,000, in small portions with longer repayment terms and increased interest rates in the expectation that house prices will rise. However, there's a catch. If the actual value of the underlying property (such as a house) does not increase as much as to match the $120,000, there is no tangible basis for that additional $10,000. This situation creates what we call a "**bubble**."

This bubble arises from the interest-based sale of receivables, where $110,000 is effectively transformed into $120,000 and can be referred to as both *the* ***interest of debt*** and ***the interest of exchange*** in the Islamic approach.

But unless there is a corresponding increase in the real market value of houses, this entire process remains nothing more than an *interest-driven bubble*. The critical factor lies in the actual value of properties within the housing market. If housing prices surge significantly, the mortgage firm's strategy may prove successful. Conversely, if the real estate market experiences a downturn, the bubble created by these financial instruments could burst, potentially leading to financial instability. Therefore, the health of the housing market and the genuine value of properties play a

---

[28] The repackaging process works as follows: Financial institutions identify a pool of assets to repackage. These assets are often homogeneous, such as residential mortgages or corporate loans.

An institution creates a special purpose vehicle (SPV), a separate legal entity established solely to hold and manage the assets. The SPV acquires the underlying assets from the institution.

The SPV then issues new securities backed by the cash flows generated by the underlying assets. These securities are often structured into different slices, each with varying levels of risk and return. Investors can purchase these newly created securities. The cash flows generated by the underlying assets (such as *interest* -this is the *commercial profit* of the bank in the first purchase and sale- or principal repayments) are used to service the securities.

Repackaging enhances the liquidity and marketability of illiquid or less marketable assets. It helps diversify risk by spreading it across multiple investors. However, it carries certain risks. The underlying assets may decline in value or default, impacting the performance of the repackaged securities. Complexity can also make it challenging for investors to understand fully the risks involved (Jittery, 2023) pivotal role in determining whether this process results in sustainable growth or merely inflates an interest-driven bubble.

However, if the current possessor of the house were to sell it at the same price ($120,000) and with the same payment plan as in the interest-paying transaction, the $10,000 difference would not be interest and would not cause a bubble. Instead, it would reflect *the real-time value of the house* in the new transaction. Essentially, the new customer would begin benefiting from the home immediately without paying its price, just as the first customer did. And, since the extra $10,000 he pays corresponds to a real equivalent, such as the rent of living in a house he has not yet paid for, it will not cause a ballooning.

More importantly, *if the bank had retained the mortgage receivable instead of selling it, keeping it securely stored until the customer fully paid off the loan, the bank would not have had the necessary funds to finance a second home. In this scenario, the mortgage company would not have the option to access funds by re-securitizing its receivables for financing a new house. Consequently, loanable funds would remain stable, interest rates would not decrease artificially, house prices would not deviate from the real market dynamics, and speculative bubbles would be avoided.*

Rather Contemporary than Historical: The Hadith of Six Items

The Hadith of Six Things from the Prophet Muhammad (pbuh) provides timeless principles that could have helped prevent the financial bubbles observed during events like the 2008 Global Financial Crisis. Rather than being solely historical, this hadith remains relevant today. From this hadith, we can derive the following suggestions to prevent the emergence of financial bubbles:

1. **Avoid Delayed Sales**: Financial instruments should not be subject to delayed sales. Instead, they should be promptly transacted.
2. **Secure Storage**: Banks should retain financial instruments in their vaults until clients settle their payments. This prevents *speculative trading*.
3. **Spot and Face Value Transactions**: All debt-based instruments such as *notes receivable* and *debt securities*[29] representing loans to be repaid with nominal value can only be *exchanged on the spot and at their face value*, as with currencies and foreign exchange. The transaction must occur at face value when exchanging financial instruments with varying interest rates and terms. This ensures *transparency* and *fairness*.
4. **Documents against Commodities:** Documents that represent,
   (a) *movable property* (such as *bills of lading/shipping documents*),

---

[29] These are documents stating an order to pay a certain amount or a promise to pay. *Negotiable (transferable) instruments* include *policies*, *bonds/bills*, *checks,* and the like. Promissory notes drawn up between non-merchants are called *ordinary promissory notes. Treasury bills, government bonds,* and the like are *official securities.* https://www.ekonomim.com/sozluk/alacak-senedi, April 17, 2024.

(b) *immovable property* (such as *shares of real estate partnership*),
(c) and *equity-based securities* (such as *companies' stocks*)

… can be sold on the spot and credited in exchange *for money*, as they represent goods, on condition that the ownership of the underlying asset passes from seller to buyer.

The underlying asset of the bill of lading is the shipment (transported goods) or cargo, whereas that of the real estate partnership is pieces of land, and that of the company is its assets. When these documents are transacted on the spot or credit, the ownership of the underlying assets should be transferred to the purchaser.
Company shares can be traded at current market value, provided the transaction includes prompt delivery.

These guidelines emphasize prudence and transparency in financial dealings, aligning with the spirit of the Hadith of Six Things. (See, Ozsoy, 2016: 180-182)

From the suggestions given above, the measures of (1) avoiding any delayed sales of financial instruments and (2) securely storing them in bank vaults until clients settled their payments shielded the *Turkish financial sector* from the repercussions of the 2008 global financial crisis. In consequence, the global crisis hit the real sector in Turkey rather than the financial sector. However, she faced downgrades from Standard and Poor's and Moody's due to the absence of a local derivatives market before the crisis, perhaps even though there was a desire for its establishment until then. Remarkably, Turkey later earned admiration for being one of the least impacted countries during the crisis.

Profit vs. Interest

The concepts of interest and profit are often confused. However, the Quran emphasizes that these two are different and says,

"*Those who consume interest can only stand/behave like a person who has been struck by the devil, staggering from side to side; This is because they say, 'Trade is like interest.' However, Allah has permitted trading and prohibited interest. As for the one who has received advice from his Lord and gives up interest, what he has received before is his, and his matter is up to Allah. Those who return to interest are in the fire, they will abide there forever*." (Baqara, 2/275)

There are two basic criteria to understand whether a transaction is within the scope of interest, namely, here, *the interest of debt*:

First, whether this transaction produces real economic value;

Second, whether this value, if produced, is shared fairly between the parties.

1. When a business financed by an interest-bearing loan incurs a loss, both interest and principal amount are paid in any case and regardless of the outcome of business. This is akin to

taking something by force undeserved from society without contributing to social production. This essentially constitutes interest, *the interest of debt*.

2. Similarly, if a profit is generated using debt capital and this gain is too high than the expected amount, then the sharing of this gain between the two parties will not be fair. This income, too, falls into the category of *the interest of debt* because it was *earned but not shared fairly*. This injustice disproportionately affects both parties:

(a) The **borrower** in **cases of low earnings** and

(b) The **lender** in **the high-earning cases,** due to the unjust nature of interest.

Thus, “the **interest of debt**” represents an income that **must be paid**, even if no profit can be generated from borrowed funds or worse, even when the principal amount is entirely lost. And when a profit is earned using these borrowed funds, it is **shared unequally** among the relevant parties. That’s why the Quran equates interest to injustice.

Profit through Trade

As for **profit**, it represents *income earned only when a contribution is made to social production and shared in proportion to this contribution.* **Trading** is the most direct way to achieve profits.

Real economic value can be achieved by producing goods (or services) from scratch or increasing their present market value. What concerns us here is to raise the current market value of goods. This can only happen through trade.

As mentioned before, trade is an effort to increase the value of a commodity in terms of (1) *the location*, (2) *time, or* (3) *ownership.* In other words, changing a commodity’s location, time, or ownership can enhance its value. Appreciation of goods in value through these trade mechanisms leads to legitimate commercial profit. However, if this process fails, it results in a loss. Therefore, trade in goods fundamentally operates as a win-win transaction—a positive-sum game (Hikmet.Net, 2015).

On the other hand, money and financial instruments have no intrinsic value to be traded. They have nominal and an assumed value relative to the goods with which they are linked. Their function is to measure goods’ value and to facilitate their trade. An economic value that is not inherent in them is neither generated nor increased by trade, namely, by altering their space/location, time, or ownership. As a result, the transactions in money and financial instruments are then a *zero-sum game*, with one party's gain corresponding to the other party's loss.

In short, a transaction relying solely on paper documentation (such as a financial instrument) without a direct link to a commodity does not generate economic value unless it affects the commodity’s location, time, or ownership. Consequently, there can be no trade if there’s no value involved. Therefore, financial instruments should not be subject to futures, forwards, or other derivative contracts. However, earning income from such a transaction represents essentially the pricing of an unproduced and non-existent value, constituting the *interest of exchange* from the perspective of Islamic finance.

Conclusions and Remarks

1. The issue of **interest** (exactly interchangeable with **riba**) has been addressed meticulously in Islam due to its clear and strict prohibition by the Quran and the Prophet Muhammad (pbuh). Beyond *the interest of debt*, widely recognized throughout human history, the Prophet Muhammad (pbuh) introduced the concept of *the interest of **exchange*** through His saying known as **'the Hadith of Six Items.'**

2. At first glance, the Hadith of Six-Items may seem merely to regulate barter-weighted trade in the 7th-century Arabian markets. However, upon closer examination, it can be realized that this hadith imparts valuable insights into structuring intricate modern financial processes of today without triggering crises. *In this concise hadith, the Prophet (pbuh) succinctly outlines 72 interest-bearing transactions out of 216 exchanges, all within just two sentences*. Notably, this hadith even encompasses *the interest of debt*—the sole form of interest mentioned in the Quran.

3. From an Islamic perspective the term interest can be defined as follows: *Interest (riba) refers to an actual or potential excess or surplus in one of the two items exchanged on the spot or credit, without any corresponding equivalent. This excess can emerge in loans or in the exchange of goods or that of currencies, and it inherently causes loss to either of the two parties.*

4. *The interest of debt* is an additional payment made in return for a specified term or its extension, added to the principal amount regardless of the debt's origin—whether it's a loan, the price of purchased goods, or any other liability. Typically, this payment is calculated as a predetermined percentage of the principal and paid to the creditor -lender- *independent of the business outcome* for which the loan or debt is used—whether it's very high, very low, zero, or even negative. It is *independent of the business outcome yet the fate of this payment depends on it*, this case being the paradox of interest policy.

5. *Interest, like a double-edged knife that cuts on both sides, placed firmly between the lender and the borrower,* harms either the borrower or the lender, but inevitably either of them. This is because high interest rates oppress debtors in unfavorable market conditions and, conversely, in prosperous times, low rates hinder lenders from receiving their rightful/deserved income, the actual income they should earn due to the high productivity of their capital. The unpredictable nature of market conditions makes it *impossible* to determine *a fair interest rate* from the beginning. Consequently, interest-based lending perpetuates inherent inequality and injustice for either of the parties.

6. Since *the interest of debt* is naturally a reason for an unavoidable inequitable distribution of income, the Quran explicitly identifies it with injustice for either the borrower or lender and, therefore prohibits it just to safeguard the rights of both parties in an all-embracing manner.

7. Interest rates, determined with a forward-looking perspective, often lag rapidly changing market conditions. Tomorrow's supply and demand dynamics may render previously set rates invalid. Consequently, *interest rate policy fundamentally clashes with the real market system*. However, Islam, which rejects interest-based policies, is in harmony, and aligns, with the principles of a real market system.

8. *The interest of exchange* occurs when exchanging goods or currencies on the spot or forward sales. The terms 'fungible' and 'nonfungible goods' are crucial and functional in comprehending the notion of interest of exchange from the Islamic perspective.

9. As one of two subdivided kinds of *the interest of exchange,* firstly, *the interest of surplus* refers to *the quantitative excess* in one of the exchanged items of the fungible goods of the same kind and measure, regardless of the quality or craftsmanship difference between the two. *As subjective values, quality or craftsmanship are not accepted to be priced with the objective quantity difference of the goods or precious metals containing those values, but with money.*

10. Secondly, *the interest of term* refers to *a potential value difference* arising from the term when the delivery of one or two of the traded items is deferred irrespective of their kind and their being fungible or nonfungible. There is no need to say that if both parties are deferred, whether their terms are the *same* or *different* will not change the result.

11. The breaking-off of the link between the financial and real sectors is the most basic cause of crises. *Bubbling* in the financial sector begins with the weakening of this bond. Here, *the Hadith of Six Items* of the Prophet (pbuh) *offers* preventive suggestions on this issue. These can be summarized as

(**a**) Avoiding forward sales of financial instruments,

(**b**) Storing mortgage receivables until pay-off, and

(**c**) Exchanging financial instruments with nominal values at their face value and on the spot.

To expand a little more:

(**aa**) Transactions related to money and financial instruments should be conducted at face value and immediate delivery is essential.

(**bb**) This applies to foreign exchanges and even when based on the current exchange rate in foreign exchange markets, transactions should not bypass prompt delivery.

(**cc**) Futures transactions give way to speculation and create risky situations where it remains uncertain who will emerge as the winner and who will suffer losses. As a result, the financial system and economy become vulnerable to crises.

(**dd**) This is because the time (term) introduces value inequality between the exchanged items in transactions involving money, foreign exchange, and financial instruments.

(**ee**) It remains unclear which party will benefit from this discrepancy and which will suffer.

(**ff**) Failing to adhere to these principles results in either the allocation of unproduced value to one of the two parties or an unfair distribution of income—what is known as *the interest of term* in the Islamic perspective.

12. These principles above emphasize fairness, transparency, and timely delivery in all monetary and financial transactions within the framework of Islamic finance.

13. In the Islamic approach, money is not considered a commodity to buy and sell directly, except for foreign currency exchange. This perspective prevents the economy from regressing to a primitive barter system where money becomes solely another traded commodity alongside goods. Instead, money is a distinct and definitive unit of value for all other goods.

14. The primary function of money lies in its role as a unit of measurement, like other measures of weight and length. Consequently, its value should remain stable over time. For instance, just as one meter consistently equals 100 centimeters and one kilogram remains 1000 grams, money's value should remain constant.

15. Exceptions arise in cases of inflation, where money's value is indexed to a basket of goods. However, its fundamental purpose remains unchanged: to measure the value of all other goods. Therefore, if money serves as a unit of value for measuring other items—not as a commodity to be measured by other units—it should consistently exchange at par. In other words, 100 liras today should be equivalent to 100 liras tomorrow. Consequently, *engaging in an interest-bearing loan—such as selling $100 for $110 with a predetermined maturity—contradicts the fundamental nature of money*.

16. To promote a balanced monetary economy and ensure fairness between the financial and real sectors, perhaps we should consider replacing the term '*time value of money*' with '*time value of goods*.' This is because money, which is only a measure, does not have an intrinsic value that changes over time. Whereas goods are inherently valuable, their value may change over time and is measured by money.

17. To have a healthy financial structure and to be protected from possible crises, all financial instruments representing *monetary debt* should be evaluated within the scope of money and subjected to all interest-related regulations in the same category as money, and the concept of "*time value*" should not be mentioned for them. Time value of goods: yes, time value of money: no.

18. Distinct from interest, although confused with it, profit signifies the return on monetary capital when it actively contributes to production and aligns with its proportional input. Trading is a direct path to achieving profits. Real economic value comes from producing goods or raising their market value through location, time, or ownership changes in trade. Success in increasing a commodity's value through trade leads to genuine commercial profit while unsuccess results in loss.

19. Money and financial instruments lack intrinsic value. Transactions involving them are zero-sum games. Their role is to measure goods' value and facilitate trade. A direct link to commodities is essential for them to generate economic value. Shortly, trade creates win-win scenarios for goods, while financial instruments lack inherent value unless tied to commodities.

20. In mortgage financing, a bank purchases a home, let's assume, for $100,000 in cash and then sells it on credit to a client for $110,000. This transaction qualifies as a genuine trade because it enhances the home's time value. The bank's $10,000 profit mirrors the appreciation in the home's value for the client. Thus, in this form, mortgage financing stands apart from traditional interest-based loans, and the bank's profit should not be regarded as interest in this context.

21. The **Hadith of Six Things** remarkably anticipates today's markets well beyond the seventh century. It envisions a truly free market, independent of misguided advice and impervious to negative external influences. Bitter experiences have revealed that central banks' ability to guide economies healthily is not boundless. These institutions, composed of experts, remain fallible—affected by both positive and negative factors, much like any human (see, Miller, 1998). Consequently, universal rules are essential for markets to function naturally. The Prophet's hadith contains such content, proposing limitations on speculative futures transactions that can otherwise lead economies into crises.

References

1. Abu Davud, Suleiman b. al-As'as al-Sijistani. *Sunen-i Abi Davud*. Dar Ihya al-Sunne al-Nabaviyya. See, https://archive.org/details/sunan-abu-dawud-arabic-english-full/sunan-abu-dawud-english-vol-4/page/71/mode/1up, March 18, 2024.
2. Abu Dawud, *Sunan*, al-Adab, 4876, In-book reference: Book 43, Hadith 104, English translation: Book 42, Hadith 4858. https://sunnah.com/abudawud:4876, April 28, 2024.
3. Abu Dawud, *Sunan*, al-Buyu, No.3334, In-book reference: Book 23, Hadith 9, English translation: Book 22, Hadith 3328. https://sunnah.com/abudawud:3334**, March 12, 2024.**
4. *Abu Dawud, Sunan,* al-Ijarah, No.3541, In-book reference: Book 24, Hadith 126, English translation: Book 23, Hadith 3534. https://sunnah.com/abudawud:3541, January 25, 2024; https://hadithprophet.com/hadith-3074.html, January 25, 2024.
5. Akbay, Oktay Salih. (2011). *Küresel Finansal Krizin Kökenleri Üzerine Bir Değerlendirme (An Evaluation on the Roots of the Global Financial Crisis).* Sosyal Bilimler Metinleri. No: 6 /2011. Tekirdağ Namık Kemal Üniversitesi Sosyal Bilimler Enstitüsü. ISSN 1308-4453 (Print) ISSN 1308-4895 (Internet). https://dergipark.org.tr/tr/download/article-file/791965, April 14, 2024.
6. Alukah.(2024). https://www.alukah.net/sharia/0/156986/, March 18, 2024.
7. Baslaib, Adnan Ali Saeed. (2018). مختصر-الربا (Abbreviation of Riba). https://www.alukah.net/sharia/0/129833/مختصر-الربا/, April 29, 2024.
8. Bayhaqi. (1344/1925). Ahmad b. Hussein, *al-Sunan al-Kubra*, I-X, Hyderabad. https://archive.org/details/SunanKubraBeyhaghiAta/skb05/page/n569/mode/1up, March 19, 2024
9. Buhari, Abu Abdullah Muhammed b. Ismail. (1979). *al-Jamiu's-Sahih*. el-Mektebetu'l-Islamiyye. Istanbul.
10. Bukhari and Muslim. https://sunnah.com/riyadussalihin:1793, Apri 24, 2024.
11. *Bukhari, Sahih, al-*Shahadat, No.2675, In-book reference: Book 52, Hadith 37, USC-MSA web (English) reference: Vol. 3, Book 48, Hadith 841. https://sunnah.com/bukhari:2675, March 20, 2024.
12. Bukhari, *Sahih*, al-Wakala, No.2312. In-book reference: Book 40, Hadith 12, USC-MSA web (English) reference: Vol. 3, Book 38, Hadith 506. https://sunnah.com/bukhari:2312, March 17, 2024.
13. Ekonomim.com. (2024). Alacak Senedi. *Ansiklopedik İş Hayatı ve Ekonomi Sözlüğü*. https://www.ekonomim.com/sozluk/alacak-senedi, March 13, 2024.
14. Gartner. (2024). Financial Bubble. https://www.gartner.com/en/finance/glossary/financial-bubble, April 15, 2024.
15. Hamood, Sami H. A. (1976). *Tatweer al-A'mal al-Masrifiyye bima Yattafiqu wa al-Shareeah al-Islamiyye*. Kahire.
16. Hikmet.net. (2015). Alişveriş ile Faizin Farkı Nedir? March 25, 2015. https://hikmet.net/alisveris-ile-faizin-farki-nedir/, April 24, 2024.
17. Ibn Majah, *Sunan*, al-Tijarat, No.2275. https://sunnah.com/ibnmajah:2275, March 15, 2024.
18. Ibn Majah, *Sunan*, Manasik, No.3055. https://sunnah.com/ibnmajah:3055, March, 2024.
19. Investopedia. (2024). What is a Housing Bubble?

https://www.investopedia.com/terms/h/housing_bubble.asp, April 15, 2024.

20. İhvanlar.net. (2024). Hurma ve Hurma Ağacı ile İnsan Arasındaki Benzerlik. https://www.ihvanlar.net/2014/05/06/hurma-ve-hurma-agaci-ile-insan-arasindaki-benzerlik/, April 28, 2024.
21. Jittery. (2023). Repackaging. https://jittery.com/topic/Repackaging, April 14, 2024.
22. Khan, Abdul Jabbar. (Winter 1984). Divine Banking System. *Journal of Islamic Banking and Finance*. Quarterly Publication of The International Association of Islamic Bank, 1(1), 31. Karachi.
23. Miller, Geoffrey P. (1998). The Role of a Central Bank in a Bubble Economy - Section I. February 15, 1998. https://www.gold-eagle.com/article/role-central-bank-bubble-economy-section-i, April 24, 2024.
24. Muslim, Ebu'l-Huseyn b. el-Haccac b. Muslim el-Kuşeyri en-Nisaburi'. (1955, H1374/). *al-Jamiu's-Sahih*. Tahkik: M. Fuad Abdulbaki. 1st Edition. See, https://archive.org/details/sahih-muslim-arabic-english-full/sahih-muslim-english-vol-4/page/306/mode/1up, March 10, 2024.
25. Ozsoy, Ismail. (2016). An Islamic Suggestion of Solution to the Financial Crises. *Procedia Economics and Finance,* 38/174-184. Elsevier, ScienceDirect, Istanbul Conference of Economics and Finance, ICEF 2015, May 22-23 2015, Istanbul, Turkey. http://www.sciencedirect.com/science/article/pii/S2212567116301885, https://doi.org/10.1016/S2212-5671(16)30188-5, March 15, 2014.
26. Özsoy, İsmail. (1993). *Faiz ve Problemleri*. Nil Yayınları. İzmir. https://www.academia.edu/103614797/Faiz_ve_Problemleri_Interest_and_Its_Problems_, March 12, 2024.
27. Özsoy, İsmail. (1995)). Faiz. *Islam Ansiklopedisi (Islamic Encyclopedia).* Turkiye Diyanet Vakfı. 12, 110-126. https://islamansiklopedisi.org.tr/faiz, March 12, 2024.
28. Pandya, Yash. Date Fruit: Types, History, Nutrition, Health Benefits, Cultivation. https://fruitnames.net/article/date-fruit-information/, April 28, 2024
29. Peter, C.B.P. and Yu, Yun. (2011). Dating the timeline of financial bubbles during the subprime crisis. *Quantitative Economics Journal of the Econometric Society*, 2, 455-491. https://onlinelibrary.wiley.com/doi/pdf/10.3982/QE82, April 15, 2024.
30. The Holy Quran.
31. Wikipedia contributors. (2024). Fungibility. In *Wikipedia, The Free Encyclopedia*. Retrieved 14:43, February 26, 2024, from https://en.wikipedia.org/w/index.php?title=Fungibility&oldid=1209635509
32. Zebidi, Zeynu'd-Din Ahmed b. Ahmed. (1981). *Sahih-i Buhari Muhtasarı Tecrid-i Sarih Tercemesi ve Şerhi.* (Mütercim ve Şârih: Ahmed Naim), Diyanet İşleri Başkanlığı Yayınları, Ankara. https://archive.org/details/buharitecridisarih/buhari%20%20tecridi%20sarih%2010.pdf, March 11, 2024.