

**THE CUSTOMERS DECISION IN USING ISLAMIC BANKING
SERVICES IN BRUNEI DARUSSALAM:
A COMPARATIVE STUDY WITH KINGDOM OF THAILAND**

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**FACULTY OF ISLAMIC ECONOMICS AND FINANCE
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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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SERVICES IN BRUNEI DARUSSALAM:
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**MUNEEROH CARENG
14MR504**

Thesis submitted in fulfillment of the requirement for the degree of
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**FACULTY OF ISLAMIC ECONOMICS AND FINANCE
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SUPERVISION

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SERVICES IN BRUNEI DARUSSALAM:**

A COMPARATIVE STUDY WITH KINGDOM OF THAILAND

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SERVICES IN BRUNEI DARUSSALAM:**

A COMPARATIVE STUDY WITH KINGDOM OF THAILAND

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ACKNOWLEDGEMENT

In the name of Allah, The most Gracious, The most Merciful

ذُو قُلِّ رَبِّ زِدْنِي عِلْمًا وَز

((And say, 'O My Lord! advance me In knowledge' (Qur'an 20 : 114))

Grateful to Allah Subhanahu Wa Ta ala and His Messenger Muhammad Sallallahu Alaihi Wasallam All praises and thanks be to Allah the Almighty, who created human beings and gives clear guidance for a successful life. Due to His Mercy and guidance, we have been able to bring this research to a successful end. Though only my name appears on the cover of this dissertation, many people contributed to its completion. I owe gratitude to all those people who have made this dissertation possible.

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Author

Muneeroh Careng

Dedication

ذَيَّيْهَا الْآئِينَ ءَامِنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُضَاعَفَةً وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ كَذ

((O you who believe! Do not devour usury, making it double and r multiplied, and be careful of (your duty to) Allah, that you may be successful))

***To my father, Idris Khareng, my mother, Nik Hasnah Khareng
and my brother, Nik Heng Khareng***

ABSTRACT

THE CUSTOMERS DECISION IN USING ISLAMIC BANKING SERVICES IN BRUNEI DARUSSALAM: A COMPARATIVE STUDY WITH KINGDOM OF THAILAND

An Islamic banking service has emerged in recent decades as one of the most important trends in the financial world. There has always been a demand for financial products and services that conform to the *Sharī'ah*. Whereby, Islamic banking is a bank that provides Islamic transactions with Islamic principles to meet the needs of a Muslim and a non-Muslim customers. The market for Islamic banking has grown rapidly over the past few years. Therefore, the development of viable Islamic alternatives to conventional banking, there are now *Sharī'ah* compliant banking products to meet the short-term and long-term banking need of the customers. This research aims at to identify an attitude and the factors that influence the customer decision in using Islamic banking services in Brunei Darussalam and The Kingdom of Thailand. Further, the population samples are the customer of Bank Islam Brunei Darussalam (BIBD) totally 406 persons and Islamic bank of Thailand (Ibank) totally 417 persons. As well as, the data collected were analyzed using descriptive statistics analysis to find an attitude and the factors that influence the customer decision in using Islamic banking services of both countries. The findings in this study reveal that among similarities, the researcher found both customers of Bank Islam Brunei Darussalam (BIBD) and Islamic Bank of Thailand (Ibank) had great extent recognized on Islamic banking services of both countries. Furthermore, the marketing mix 7'P factors had influenced to majority customers to makes a decision in using Islamic banking services. Hence, the government involvement with the promotion and development of the Islamic Financial and Banking System for giving more options to the public which will stimulate efficiency and competitiveness.

Keyword: *Customer decision, Islamic banking services, Brunei Darussalam, Kingdom of Thailand.*

ABSTRAK

KEPUTUSAN PELANGGAN DIGUNAKAN DALAM PERKHIDMATAN BANK DI BRUNEI DARUSSALAM: KAJIAN PERBANDINGAN DENGAN KERAJAAN THAILAND

Perkhidmatan perbankan Islam telah muncul sejak beberapa dekad yang lalu sebagai salah satu trend yang penting dalam dunia kewangan. Produk dan perkhidmatan kewangan selalu diminta agar dapat mematuhi Syariah. Perbankan Islam adalah sebuah bank yang menyediakan urus niaga Islam, selaras dengan prinsip-prinsip Islam untuk memenuhi keperluan pelanggan yang beragama Islam mahupun pelanggan yang bukan beragama Islam. Pasaran untuk perbankan Islam telah berkembang dengan pesat sejak beberapa tahun kebelakangan ini. Disebabkan oleh kemunculan pembangunan alternatif Islam yang berdaya maju dengan perbankan konvensional, kini terdapat produk perbankan berlandaskan Syariah untuk memenuhi keperluan perbankan jangka pendek dan jangka panjang bagi pelanggan. Kajian ini bertujuan untuk mengenal pasti sikap dan faktor-faktor yang mempengaruhi keputusan pelanggan dalam menggunakan perkhidmatan perbankan Islam di Brunei Darussalam dan kerajaan Thailand. Di samping itu, sampel penduduk pelanggan Bank Islam Brunei Darussalam (BIBD) adalah sebanyak 406 pelanggan manakala pelanggan Bank Islam Thailand adalah sebanyak 417 orang. Selain dari itu, data yang dikumpul dianalisa dengan menggunakan analisis statistik deskriptif untuk mengenal pasti sikap dan factor-faktor yang mempengaruhi keputusan pelanggan dalam menggunakan perkhidmatan perbankan Islam bagi kedua-dua buah Negara. Penemuan dalam kajian ini mendedahkan bahawa pengkaji mendapati ada persamaan di antara pelanggan dari kedua-dua perbankan Islam dari dua buah Negara yang berbeza ini, Bank Islam Brunei Darussalam (BIBD) dan Bank Islam Thailand (Ibank). Persamaannya adalah, kedua-duanya diiktiraf dari segi perkhidmatan dengan pengiktirafan baik. Tambahan pula, factor-faktor campuran pasaran 7P telah mempengaruhi majoriti pelanggan untuk membuat keputusan dalam menggunakan perkhidmatan perbankan Islam. Oleh itu, penglibatan kerajaan dengan kenaikan pangkat dan pembangunan kewangan Islam dan Sistem Perbankan akan memberi lebih banyak pilihan kepada orang ramai yang akan merangsang kecekapan dan daya saing.

Kata kunci : *keputusan pelanggan, Perkhidmatan perbankan Islam, Brunei Darussalam, Kerajaan Thailand.*

ملخص البحث

برزت الخدمات المصرفية الإسلامية في العقود الأخيرة كواحدة من أهم الاتجاهات في عالم المال والأعمال.

وغالبا ما نرى أنه كان هناك الكثير من الطلب المتكسر على المنتجات والخدمات المالية التي تتوافق مع الشريعة الإسلامية. حيث ان المصرف الإسلامي هو بنك يتوفر فيه الخدمات والمعاملات بطريقة موافقة للشريعة الإسلامية، وسارة مع مبادئها السامية، وذلك تلبيةً لاحتياجات العميل المسلم وغير مسلم في آن واحد.

وقد نما سوق الخدمات المصرفية الإسلامية بسرعة كبيرة خلال السنوات القليلة الماضية. لذلك فإن تطوير البدائل الإسلامية قابلة للتطبيق المصرفي التقليدي، والآن هناك الكثير من المنتجات المصرفية المتوافقة مع الشريعة الإسلامية رغبة منها في تلبية احتياجات عملائها المصرفية، سواء كانت طويلة أو قصيرة الأمد. والجدير بالذكر أن هذا البحث يهدف إلى تحديد المواقف والعوامل التي تؤثر على قرارات العملاء، في استخدام الخدمات المصرفية الإسلامية في دولة بروناي دار السلام ومملكة تايلند. علاوة على ذلك فإن البحث أخذ عينة من السكان، من عملاء بنك إسلام بروناي دار السلام (BIBD) وعددهم ٤٠٦ شخصا، والبنك الإسلامي في تايلند (IBank) وعددهم ٤١٧ شخصا. إضافة إلى أن هناك بعض البيانات التي تمت تحليلها باستخدام التحليل الإحصائي الوصفي لإيجاد موقف لجمعها، والعوامل التي تؤثر في قرار العميل لاستخدامه الخدمات المصرفية الإسلامية لكلا البلدين. تكشف النتائج في هذه الدراسة إلى أن من بين أوجه الشبه الذي وجدته الباحثة على حد سواء، أن عملاء بنك إسلام بروناي دار السلام (BIBD) والبنك (IBank) كان الوسيط المعترف به على الخدمات المصرفية الإسلامية في كلا البلدين. بالإضافة إلى أن عوامل p7 للمزيج التسويقي أثرت على غالبية الزبائن ليتخذوا قراراتهم في استخدام الخدمات المصرفية الإسلامية. وبالتالي في تدخل الحكومي الذي يقوم بتعزيز وتطوير النظام المالي الإسلامي والمصرفي، لإعطاء المزيد من الخيارات للعملاء، والذي بدوره يقوم بتحفيز الكفاءة والقدرة التنافسية.

كلمات البحث: قرار العملاء، الخدمات المصرفية الإسلامية، بروناي دار السلام، مملكة تايلند.

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TRANSLITERATION

الحروف العربية	Roman	الأمثلة	Transliteration
ء	i	اجتهاد	Ijtihad
ء	i	استثناء	Istisna'
ء	i	اجارة	Ijarah
ب	b	البخاري	Al Bukhari
ح	h	حرام	Haram
ح	h	حديث	Hadith
ح	h	حلال	Halal
ر	r	الربا	Ribā
ز	z	زكاة	Zakat

ش	sh	الشريعة	Sharī'ah
غ	gh	غرر	Gharar
ق	q	القران	Al Qur'an
ق	q	قرض حسن	Qardul Hasan
م	m	مراجعة	Murabahah
م	m	مسلم	Muslim
م	m	المشاركة	Al Musharakah
م	m	المضاربة	Al Mudarabah
و	w	وديعة	WadÊah.
و	w	وكالة	Wakalah

ABBREVIATION

ASEAN	Association of Southeast Asian Nations
OIC	Organization of the Islamic Conference
APR	Asian Pasific Region
IBB	Islamic Bank of Brunei
TAIB	Tabung Amanah Islam Brunei
IDBB	Islamic Development bank of Brunei
DBB	The development Bank of Brunei
BIBD	Bank Islam Brunei Darussalam
Pcl.	Public Company Limited
AEC	ASEAN Economic Community

IBANK	Islamic Bank of Thailand
S.D.	Standard Deviation
LSD	Fisher Least Significant Difference
\bar{X}	Mean

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Islamic banking is an emerging industry its wide application is attributed to its ethical banking theory and practice. Islamic banking system is not only prohibited usury, but also the association in activities such as uncertainty, liquor, gambling involving trade relations and insurance product that are considered unethical (Amin, Abdul Rahman, Hwa, and sondoh Jr, 2011). Islamic banking is one of the most developed new banking method. Currently, Islamic banking is spreading around the world and has attention of both Muslim and Non-Muslim (Thambiah, S., H. Ismail, and C.A Malarvizhi, 2011). Islamic banking is a bank that provides Islamic transactions. Accordance with Islamic principles (*Sharī'ah*) to meet the needs of Muslim and Non-Muslim customers. The market for Islamic banking has grown rapidly over the past few years, and this robust growth is expected to continue for the foreseeable future. In many markets, Islamic banking has evolved from being a niche offering into being part of the mainstream financial services landscape.

At the same time, the competitive landscape is being redrawn, with more Islamic financial services institutions in the marketplace than ever before. Incumbent banks and new market entrants are facing vastly different market conditions and need to develop new sources of differentiation beyond compliance with *Sharī'ah* (Islamic law) to compete or remain successful in the future.

Islamic banking has emerged in recent decades as one of the most important trends in the financial world. There has always been a demand for financial products and services that conform to the *Sharī'ah* (Islamic law). With the development of viable Islamic alternatives to conventional banking, there are now *Sharī'ah* compliant banking products to meet the short-term and long-term banking need of the customers.

Islamic banks have been operating like other traditional bank about for decades. They also mobilize deposits and product loan based on Islamic Law (*Sharī'ah*), which are different from the other conventional or commercial banks. Therefore, Islamic banking differs from conventional banking in several ways, such as the prohibition of transactions based on interest rate and the requirement that bank's operations be carried out according to certain procedures through the use of certain financial instruments. However, the Islamic bank can also offer products and services which are similar to those offered by a conventional bank. Islamic banking is based on the principles of *Sharī'ah* law. The Islamic banking system offers similar functions and service as the conventional banking system while abiding by *Sharī'ah* principles.

There are five basic principles underlying Islamic banking:

1. The prohibition of *Ribā* (interest).
2. The prohibition of *Gharār* between the bank and customer.
3. The prohibition of Gambling.
4. The prohibition of Haram products and services.
5. The sharing of profit and loss between a bank and its customers.

The operations of Islamic Banking institutions are based on a profit and loss sharing principle. An Islamic bank does not charge any interest for the financing offered to customers but rather participate in yield, resulting from the use of funds. On the other hand, depositors get their share from the bank's profit based on a pre-determined ratio.

1.1.1 Prohibition of Riba (Interest) in Islam

The Islamic Economic System revolves upon the prohibition of Riba. Islamic bank is a bank that conducts its business activities (collect funds and distribute funds to communities) based on the principles of *Sharī'ah*. The Islamic Bank conducts its business activities using the system of profit sharing instead of the system of interest (*Ribā*); because the system of interest (*Ribā*) is not allowed in Islamic *Sharī'ah*. The prohibition against usury contained in the Qur'an and the Hadith. Which are;

Riba in the Qur'an

First Revelation:

ز وَمَا آتَيْتُمْ مِّن رِّبَا لِّيَرْبُوَ فِي أَمْوَالِ النَّاسِ فَلَا يَرْبُوا عِندَ اللَّهِ وَمَا آتَيْتُمْ مِّن زَكَاةٍ
تُرِيدُونَ وَجْهَ اللَّهِ فَأُولَٰئِكَ هُمُ الْمُضْعِفُونَ □ ز

“That which you give as interest to increase the peoples wealth increases not with God; but that which you give in charity, seeking the goodwill of God, multiplies manifold”¹

Surah Al Rum, verse 39

Riba from Surah Al Baqarah

ز الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَلِكَ بِأَنَّهُمْ
قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ مَوْعِظَةٌ مِّن رَّبِّهِ فَانْتَهَى
فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ وَمَنْ عَادَ فَأُولَٰئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ □ ز

“Those who benefit from interest shall be raised like those who have been driven to madness by the touch of the devil; this is because they say: “trade is like interest” while God has permitted trade and forbidden interest, so whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah. But whoever returns to (dealing in interest or usury) - those are the companions of the fire; they will abide eternally therein.”²

Surah Al Baqarah, verse 275.

ز يَمْحَقُ اللَّهُ الرِّبَا وَيُرْبِي الصَّدَقَاتِ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ □ ز

“God deprives interest of all blessing but blesses charities; And Allah does not like every sinning disbeliever.”³

Surah Al Baqarah, verse 276.

ز يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُّؤْمِنِينَ □ ز

“O believers fear Allah and give up what is still due to you from interest (usury), if you are true believers.”⁴

¹Quran Surah Ar-Rum, verse 39, English Translation by Mohammad Habib Shakir.

² Quran Surah Al Baqarah, verse 275, English Translation by Mohammad Habib Shakir.

³ Quran Surah Al Baqarah, verse 276, English Translation by Mohammad Habib Shakir.

Surah Al Baqarah, verse 278

ز فَإِن لَّمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِّنَ اللَّهِ وَرَسُولِهِ وَإِن تُبْتُمْ فَلَكُمْ رُءُوسُ أَمْوَالِكُمْ لَا تَظْلِمُونَ وَلَا تُظْلَمُونَ □ ز

“If you do not do so, then take notice of war from Allah and His Messenger. But, if you repent, you can have your principal. Neither should you commit injustice nor should you be subjected to it”.⁴

Surah Al Baqarah, verse 279

ز يَا أَيُّهَا الَّذِينَ ءَامَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُّضَاعَفَةً وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ ي ز

“O Believers, take not doubled and redoubled interest and fear God so that you may prosper”⁵

Surah Al Imran, verse 130

Riba in Hadith

«حَدَّثَنَا أَبُو الْوَلِيدِ، حَدَّثَنَا اللَّيْثُ، عَنِ ابْنِ شِهَابٍ، عَنْ مَالِكِ بْنِ أَوْسٍ، سَمِعَ عُمَرَ . رَضِيَ اللَّهُ عَنْهُمَا . عَنْ النَّبِيِّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ قَالَ " الْبُرُّ بِالْبُرِّ رَبًّا إِلَّا هَاءَ وَهَاءَ، وَالشَّعِيرُ بِالشَّعِيرِ رَبًّا إِلَّا هَاءَ وَهَاءَ، وَالتَّمْرُ بِالتَّمْرِ رَبًّا إِلَّا هَاءَ وَهَاءَ " .»

Narrated Ibn `Umar

The Prophet said, "The selling of wheat for wheat is Riba (usury) except if it is handed from hand to hand and equal in amount. Similarly the selling of barley for barley, is Riba except if it is from hand to hand and equal in amount, and dates for dates is usury except if it is from hand to hand and equal in amount. (See Riba-Fadl in the glossary).⁷

⁴ Quran Surah Al Baqarah, verse 278, English Translation by Mohammad Habib Shakir.

⁵ Quran Surah Al Baqarah, verse 279, English Translation by Mohammad Habib Shakir.

⁶ Quran Surah Al Imran, verse 130, English Translation by Mohammad Habib Shakir.

⁷ See: Sahih Bukhari 2170, Vol. 3, Book 34, Hadith 379

Sahih Bukhari 2170, Vol. 3, Book 34, Hadith 379

«حَدَّثَنَا عَبْدَانُ، عَنْ أَبِي حَمْزٍ، عَنِ الْأَعْمَشِ، عَنْ مُسْلِمٍ، عَنْ مَسْرُوقٍ، عَنْ عَائِشَةَ، قَالَتْ لَمَّا أُنزِلَ الْآيَاتُ مِنْ سُورَةِ الْبَقَرَةِ فِي الرِّبَا، خَرَجَ النَّبِيُّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ إِلَى الْمَسْجِدِ، فَمَرَّ هُنَّ عَلَى النَّاسِ، ثُمَّ حَرَّمَ تِجَارَةَ الْخَمْرِ»

A'ishah (may Allah be pleased with her) narrated: When the Ayahs of Surat Al Baqarah about the usury (*Riba*) were revealed, the Prophet (peace be upon him) went to the mosque and recited them in front of the people and then banned the trade of alcohol.⁸

Sahih Al Bukhari 459, Vol. 1, Book 8, Hadith (449)

«أَخْبَرَنَا وَاصِلُ بْنُ عَبْدِ الْأَعْلَى، قَالَ حَدَّثَنَا ابْنُ فَضَيْلٍ، عَنْ أَبِيهِ، عَنْ أَبِي زُرْعَةَ، عَنْ أَبِي هُرَيْرَةَ، قَالَ قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ " التَّمْرُ بِالتَّمْرِ وَالحِنْطَةُ بِالحِنْطَةِ وَالشَّعِيرُ بِالشَّعِيرِ وَالمِلْحُ بِالمِلْحِ يَدًا بِيدٍ فَمَنْ زَادَ أَوْ أَزَادَ فَقَدْ أَرَبَ إِلَّا مَا اخْتَلَفَتْ أَلْوَانُهُ "»

Abu Hurairah said:

"The Messenger of Allah said: 'Dates for dates, wheat for wheat, barley for barley, salt for salt, exchanged hand to hand. Whoever gives more or takes more has engaged in Riba unless they are of different types.'⁹

Sunan an-Nasa'i 4559, Vol. 5, Book 44, Hadith 4563

«وَحَدَّثَنَا مُحَمَّدُ بْنُ الْمُثَنَّى، وَإِسْحَاقُ بْنُ إِبْرَاهِيمَ، وَابْنُ أَبِي عُمَرَ، جَمِيعًا عَنِ الثَّقَفِيِّ، قَالَ سَمِعْتُ يَحْيَى بْنَ سَعِيدٍ، يَقُولُ أَخْبَرَنِي بُشَيْرُ بْنُ يَسَارٍ، عَنْ بَعْضِ أَصْحَابِ رَسُولِ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ مِنْ أَهْلِ دَارِهِ أَنَّ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ نَهَى . فَذَكَرَ بِمِثْلِ حَدِيثِ سُلَيْمَانَ بْنِ بِلَالٍ عَنْ يَحْيَى عَنِ إِسْحَاقَ وَابْنَ الْمُثَنَّى جَعَلَا مَكَانَ الرِّبَا الزَّيْنِ وَقَالَ ابْنُ أَبِي عُمَرَ الرِّبَا»

Bushair b. Yasir reported on the authority of some of the Companions of Allah's Messenger (may peace be upon him) from among the members of his family that he

⁸ See: Sahih Al Bukhari 459, Vol. 1, Book 8, Hadith 449

⁹ See: Sunan an-Nasa'i 4559, Vol. 5, Book 44, Hadith 4563

forbade (the direct exchange of a commodity having different qualities) but with the change that Ishaq and Ibn al-Muthanna used the word Zabn in place of Riba and Ibn Abu 'Umar used the word Riba (interest).

Sahih Muslim 1540 c, Book 10, Hadith (3689)¹⁰

«حَدَّثَنَا قُتَيْبَةُ، حَدَّثَنَا اللَّيْثُ، عَنِ ابْنِ شِهَابٍ، عَنِ مَالِكِ بْنِ أَوْسِ بْنِ الْحَدَثَانِ، أَنَّهُ قَالَ أَقْبَلْتُ أَقْوَالَ مَنْ يَصْطَرِفُ الدَّرَاهِمَ فَقَالَ طَلْحَةُ بْنُ عُبَيْدِ اللَّهِ وَهُوَ عِنْدَ عُمَرَ بْنِ الْخَطَّابِ أَرْنَا ذَهَبَكَ ثُمَّ اتَيْنَا إِذَا جَاءَ خَادِمُنَا نُعْطِكَ وَرَيْمَكَ . فَقَالَ عُمَرُ كَلَّا وَاللَّهِ لَتُعْطِيَنَّهَ وَرَيْمَهُ أَوْ لَتَرُدَّنَّ إِلَيْهِ ذَهَبَهُ فَإِنَّ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ قَالَ " الْوَرِثُ بِالذَّهَبِ رَبًّا إِلَّا هَاءَ وَهَاءَ وَالْبُرُّ بِالْبُرِّ رَبًّا إِلَّا هَاءَ وَهَاءَ وَالنَّمْرُ بِالنَّمْرِ رَبًّا إِلَّا هَاءَ وَهَاءَ " . قَالَ أَبُو عِيسَى هَذَا حَدِيثٌ حَسَنٌ صَحِيحٌ . وَالْعَمَلُ عَلَى هَذَا عِنْدَ أَهْلِ الْعِلْمِ . وَمَعْنَى قَوْلِهِ " إِلَّا هَاءَ وَهَاءَ " يَقُولُ يَدًا بِيَدٍ»

Narrated Ibn Shihab:

From Malik bin Aws bin Hadathan that he said: "I once said: 'Who can change some Dirham?' So Talhah bin 'Ubaidullah - and he was with 'Umar bin Al-Khattab - said: "Leave your gold with us, then return to us when our servant comes and we will give you your silver." 'Umar bin Al-Khattab said: "No! By Allah! Either give him his silver or return his gold to him. Indeed the Messenger of Allah (ﷺ) said: 'Silver for gold is Riba, except for hand to hand; and wheat for wheat is Riba except for hand to hand; and barley for barley is Riba except hand to hand; and dried-dates for dried-dates is Riba except for hand to hand.'

[Abu 'Eisa said:] This Hadith is Hasan Sahih. This is acted upon according to the people of knowledge. And the meaning of Ha' Wa Ha' is hand to hand.¹¹

Jami` at-Tirmidhi 1243, Vol. 1, Book 12, Hadith 1243

1.1.2 Prohibition of *Gharār* between the bank and customer

¹⁰ See: Sahih Muslim 1540 c, Book 10, Hadith 3689

¹¹ See: Jami` at-Tirmidhi 1243, Vol. 1, Book 12, Hadith 1243

The Arabic word *gharar* means risk, danger or peril. In legal and business term it means to undertake anything blinding without sufficient knowledge or to risk oneself in a venture not knowing exactly what will be the result or to rush headlong into a peril without regard to the consequences. In all these circumstances, the element of risk is present.¹²

Contracting parties should have perfect knowledge of the center value intended to be exchanged as a result of their transactions and parties cannot predetermine a guaranteed profit. This is based on the principle of uncertainty gains which on a strict interpretation, does not even allow an undertaking from the customer to repay the borrowed principal plus an amount to take inflation into account. The rationale behind the prohibition is to protect the weak from exploitation.

Gharar in Quran

وَلَا تَجْرِبُوا مَالَ الْيَتِيمِ إِلَّا بِالَّتِي هِيَ أَحْسَنُ حَتَّىٰ يَبْلُغَ أَشُدَّهُ وَأَوْفُوا بِالْعَهْدِ وَالْعَهْدُ بَيْنَ أَيْدِيكُمْ لَا يَنْفِطِرُ وَلَا يُكْتَبُ نَفْسًا إِلَّا وُسْعَهَا وَإِذَا قُلْتُمْ فَاعْدِلُوا وَلَوْ كَانَ ذَا قُرْبَىٰ وَبِعَهْدِ اللَّهِ أَوْفُوا ذَلِكُمْ وَصَّاكُمْ بِهِ لَعَلَّكُمْ تَتَّقُونَ ١٥٢ ز

“and give full measure and weight with justice-- We do not impose on any soul a duty except to the extent of its ability; and when you speak, then be just though it be (against) a relative”¹³

Surah Al An'am (6:152)

يَا أَيُّهَا الَّذِينَ ءَامَنُوا لَا تَأْكُلُوا أَمْوَالِكُمْ بَيِّنًا بِلَيْبٍ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِّنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا ٤ ز

“O Believers! Do not devour one another's property by unlawful means. Instead of this do Business with mutual consent”¹⁴

Surah An-Nisa (4:29)

¹² Mahmood M.Sanusi, Al-GHARAR, IIUM Law Journal

¹³ Quran Surah Al An'am, verse 152, English Translation by Mohammad Habib Shakir.

¹⁴ Quran Surah An-Nisa, verse 29, English Translation by Mohammad Habib Shakir.

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