

## Credit Cards in Islamic Framework

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A close look at the biography of the Prophet (pbuh) and the verses of the Qurā'n dealing with transactions involving money and finance gives us a framework<sup>(1)</sup>. At the person to person, microeconomic level, fair dealings are required: No *tazālum* (transgression on one another). At the social, macroeconomic level, the focus is on enabling every human being a dignified living with an eye on the future generations as well as on the interest of other creatures. Islam sought to ensure this by prohibiting interest and gambling and removing excessive ambiguity (*gharar*). It also laid down that the have-nots have a share in the wealth of the haves and the ruler is charged with securing social objectives.

Credit enables. It has always been there, even before money. In the recent usage of mobile devices and other internet based forms of money, the scope of credit has also expanded. By eliminating middlemen/intermediaries, trust-based direct lending/finance has been made possible by new technology. Sharing may thrive better in this new environment. Only Allah knows what new possibilities further technological developments may bring. It is safer to stick only to the 'Framework' and be open to all and any new forms that may replace credit cards.

(1) A number of anthologies are available, see, for example, Kahf, Monzer (1999), *al-Nuṣūṣ al-Iqtisādīyah min al-Qurā' nwa l-Sunnah*, Jeddah: Scientific Publishing Centre, King Abdulaziz University; Khan, Muhammed Akram (2005), *Economic Teachings of Prophet Muhammed (PBUH)*, Islamabad: Institute of Policy Studies.

The trouble starts when the above framework is violated. Credit may be used for deceiving people or harming society or making a bid for undeserved power... The thing to do is to block such abuse, not credit itself.

The paper by Monzer Kahf and Amiirah is well-conceived as it is written in this spirit, but it is constrained by following a logical-legal system of reasoning that is hardly capable of handling the newest products of human ingenuity. The paper has strength at the microeconomic level but fails in macroeconomics.

The struggle of Sharī'ah scholars to ensure legitimacy for something unavoidable is understandable. But it may not be able to cope with the changes already on the horizon. Two areas closely related to the subject of the paper under discussion but on which it has nothing to say are credit supplied to nations and that needed by students. Applying the same methodology as endorsed by the authors, one would arrive at solutions capitalism has been promoting, leaving the society struggling to ward off their negative consequences. One has to learn from recent happenings in Greece as well as from student loans reaching trillions of dollars in USA before endorsing forms of contracts seemingly fitting in an acceptable framework. There is no alternative but to go back to the broader Islamic framework we tried to describe above. The outcome may still be contentious, forcing us to fall back on continued debate and, ultimately,

decision by majority. With two givens: (i) humans must live together, in society; and (ii) there exist no pre-ordained solutions to newly arising problems; there seems to be no other alternatives. Unfortunately our authors contented themselves with solving yesterday's problems. The community struggles as it must with the tomorrows looming at the horizon, craves for better.

There is virtue in simple living, keeping away from consumerism, and at the social/national level, slowing down on the growth front. But it should not come at the cost of freedom that lies at the heart of Islamic vision of life on earth as a test. It was no

accident that the frugal days of the first few decades of Islamic history find few counterparts in the hundreds of years after that period. There may be a lesson to learn here too.

It may be a hopeless task trying to regulate peoples' spending habits by hard and fast rules. It may produce better results to leave much to education, persuasion and peer pressure. Restrictions on use of credit are difficult to enforce. Trying to save people from the consequences of their own bad decisions is a tricky business. More success can be ascribed in this regard to *ṣūfi* masters, moral philosophers and poets... than to the police.

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