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Prelude

This is not just another addition to the subject of Riba interpreting Quranic verses and Hadiths, but an effort to resolve the most frequently asked questions "**why Riba was prohibited?**" and "**what is the definition of Riba?**" by finding out the economic reasoning hidden in Quranic verses and Hadiths; exploring the link of logic between two sources of inspiration and guidance, and yet these questions were not answered. The author is very sensitive regarding these sources and has spent much time to establish his point of opinion on the subject, he is not a religious scholar but worked enthusiastically on the subject. Your response would establish the worth of his work.

Riba (interest, usury) is primarily an economic issue in view of the fact that all religions and mythologies have prohibited, restricted, discouraged, disliked, or degraded Riba in one way or the other since the inception of human interaction. All three major revealed (Ilhami) religions i.e., Islam, Christianity, and Judaism have strongly condemned and prohibited Riba in its original versions. Later, the clerics of Jews and Christian Church abandoned the prohibition of Riba (interest, usury) that led the mankind into the economic anarchy of the present era.

Islam - the most modern revealed religion is still upholding the righteous prohibition of Riba although not in practice in any of the Islamic country at governmental level but there is immense enthusiasm for Riba-Free financial system in Muslims. The western economists have discussed the issue at large in the twentieth century and many of them are also of the view that the religious prohibition should be brought back into the conscious of the people.

As long as Riba prohibition was enforced with religious zeal, people were prosperous and the wealth distribution was not abnormal as it is today, and obviously there was not much debate on the subject but since the Riba was made legal by Judo-Christian amendments in the divine law - its destructive fallouts earthed at large. The debate started on Riba for its literal interpretation to economic implications.

It is very unfortunate to observe that, in this debate, some misconception in Muslims led to a widely circulated explanation of Riba that divide Riba in to two types, one from Quran (riba-al-nasiah) and the other from Sunnah (riba-al-fadl or riba-al-buyu) and interpreted these as "riba in debt" and "riba in trade" respectively, this division which actually is not the case; is a direct conflict with basic faith of Islam (please see "Present Islamic understanding and misconception about Riba" for details). No clear concept and universal definition of Riba exists, different views and explanations have created much confusion in Muslims in the understanding of Riba. Unless, it is not found that Why Riba was declared Haram (prohibited), the definition of Riba is not possible.

At the outset of "HazaRiba.com", I am pleased to present my work specifically on two basic subjects i.e.,

- Why Riba was prohibited (declared Haram) in the divine law?
- The definition of Riba

Subsequently, have discussed few complementary issues, like:

- Significance of the most argued claim "riba and trade are same"
- Riba and Islamic Banking

- Present Islamic understanding and misconception about Riba
- Solutions to deal with Riba

Before I go, some related and useful definitions for quick reference and few examples on riba are included. Please go through all the pages preferably in sequence; any feedback and/or comments are welcomed to correct/improve.

SUBJECTS:

- Why Riba was prohibited (declared Haram) in the divine law?

- The definition of Riba

Why Riba was prohibited (declared Haram) in the divine law?

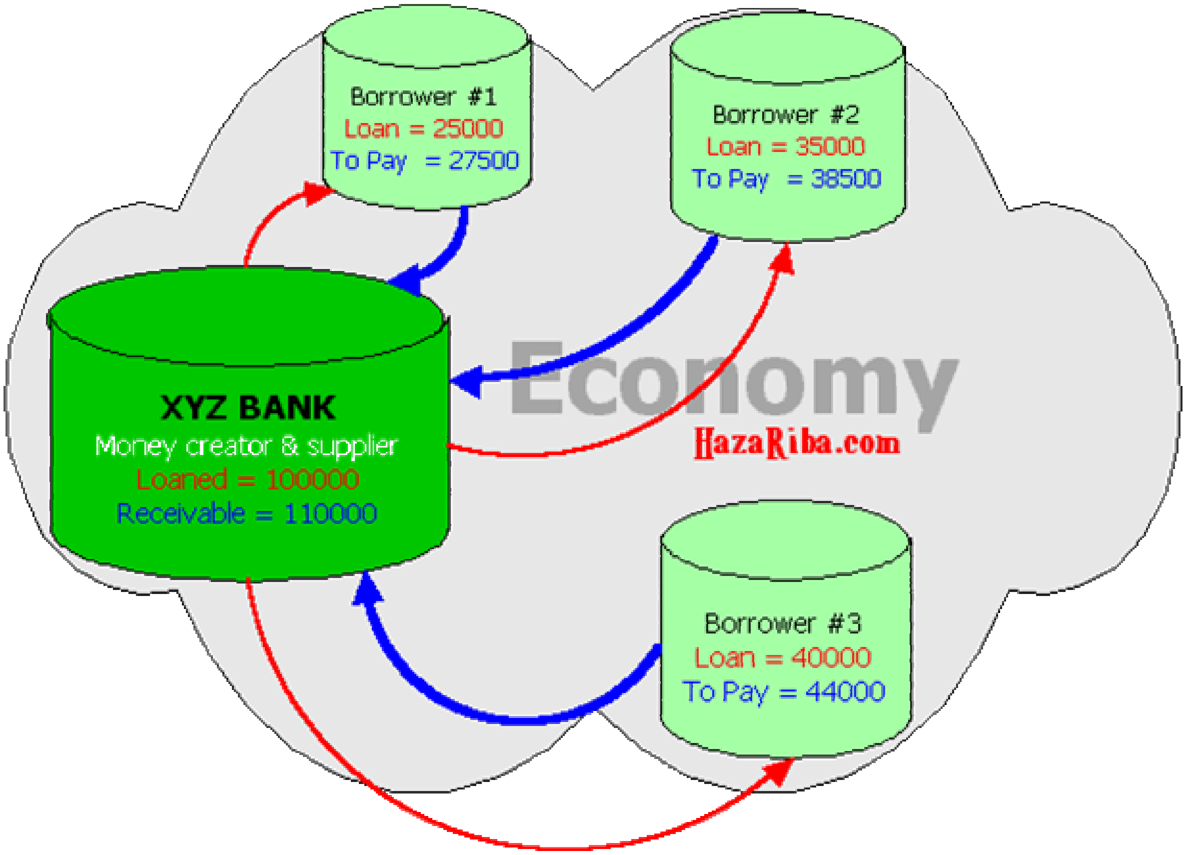
It is worth to present an example to start with the subject, a factual example from existing interest based banking methodology that is valid and current, which can be well understood by a common person. One should consider the following facts before going through the example. The facts are:

- Only Banks create money.
- The created money is then supplied in to the economy only in the form of loan at some specified interest.
- There are no other institutions that create money other than banks.

The example - an astonishing fact

As all the banks are creating money and supplying in to the economy on interest and without any doubt all of them are practicing the same technique, so let us consider there is only one bank in our example that creates some money and supply in to the people's economy.

Suppose Bank XYZ creates Dirhams 100,000 and supplies it at an interest rate of 10% per annum to several entrepreneurs and governmental units active in the economy, remember there is no money available in the economy from any other source. The bank has taken substantial collateral or guarantee as security of its money from each borrower. See in the following diagram - the borrowers intake loan and repayment liabilities at the end of the first year:



It is very simple and clear that at the end of the first year, a combined sum of Dirhams 110,000 is due on all borrowers to repay to the loaning bank.

But the money available in the economy is only Dirhams 100,000 as the bank is only supplier of money, so from where the rest 10,000 would come that is the difference in the borrowers intake and total repayment amount...... from NOWHERE. Yes, that is right from nowhere because that money does not exist in the economy.

Look at the scene, the bank is the only supplier of money, it creates and supplies 100,000 in the economy and that is the total money available in the economy, but as per loan agreements - these borrowers collectively have to pay back 110,000. How is that possible? There is no way. Don't you believe, it is 100% like this - no less. This is cheating and criminal foul play.

So what will happen, at least one or more of these borrowers would default on their loan(s) and would loose their personal assets or belonging that they had put as security to the bank for the repayment.

The money creator has designed a mechanism that would force few of the borrowers each year to default so that bank could forfeit the security assets and gain wealth by foul play.

This is an eye opening example for those who previously had no idea about the mechanism of banks as how they operate and cause artificial shortage (scarcity) of the money in the societies. This is happening every where in this world from USA to the smallest country on this beautiful planet. This artificial scarcity of money is the root cause of people's problems from hard struggle for surviving to the loss of happiness from their lives.

In a Riba (interest) based system, people are not aware of this foul play - borrowers think that they will manage to repay the principal plus Riba (interest) as they think it would be coming from some where else, but the fact is - every borrower would be in battle with others where some borrowers have to lose in order for others to win, some would fail to pay their loans in order for others to get the sum they need to pay off the Riba (Interest). When seen in totality, the supply side is always in deficit and the liability is always in excess due to Riba (interest), the total combined supply cannot discharge the liability.

After going through the above real example, I believe, now we are close to find out why Riba was declared Haram in Quran and Sunnah.

Let us begin with the economic reasoning of WHY:

- The availability of each produce is limited, the liability cannot exceed the availability limit.
- In any transaction, if a liability of produce "in excess" of "the produce available" is created, that **extra liability** would be artificial because excess quantity of produce does not exist.

This universal economic code applies to each and every type of produce; to further get in to the explanation of the rule, let us now identify what represents "the produce", "the transaction", and "extra liability":

The Produce

In its general expression "the produce" is any thing available to human beings for their use or consumption, but here specifically those produce that can be involved in a transaction, it is best to take historical standards of transactions which are based on produce like gold, silver, grains, currency etc. because throughout history all transactions are carried out in publicly acceptable produce only. These produce have served the societies as "medium of exchange", so it is more appropriate logically and historically to consider the produce as "**the medium of exchange**" which is again a general expression and can accommodate any other commodity/produce that may be used in a transaction.

The Transaction

In this universal economic principle, the transaction is based on a single produce and naturally it can only be a transaction of **loan** or **exchange** and nothing else. Although donations/grants also involve only one produce but that is not a transaction because a transaction means exchange of good(s) and/or service(s) either on spot or in any specified time frame involving one or more types of produce.

Extra Liability

Riba (interest, usury) is that **extra liability** created in excess of the produce available and that does not exist. Every liability is a demand in practice, the basic rule of economics known to every one is that to maintain economic equilibrium (stability) in the society, the supply side should be equal to the demand, if the demand is more than the supply - a shortage will occur. Creating an extra liability means creating an extra demand without increasing equal supply, this will start a never ending mechanism of perpetually increasing the shortage of that produce in the society.

Conclusion:

Riba was prohibited just to prevent the creation of "extra liability/demand" because that is fake and "does not exist" physically, this artificial "extra liability/demand" creates scarcity of the produce in the society and unjustly accumulation of the produce in few hands. Riba (interest, usury) is a mechanism and dangerous weapon that has a power to get hold of assets/properties of individuals, enterprises, and nations deceitfully. This is unfair and against the nature, so ALLAH banned Riba (interest, usury) very strictly to stop this criminal action.

Nature is the Limit in Islam; any thing not natural is prohibited, stopped, and declared illegal. The above economic reasons are the only base for the prohibition of Riba, ALLAH has allowed everything that is natural but given its strict judgment to stop any behavior, agreement, and practice that is not natural.

The definition of Riba

A **forced** "**increase of value**" in "**the medium of exchange**" that is **loaned** or **swapped** is **Riba**.

Explanation :
Below is explanation of different meaningful parts of this definition:

A forced means demanded, desired, claimed, requested, practiced, agreed etc.
Any of the above or similar words would fall under the "forced" category that define and create a liability on other party.

Increase in value means the increase in terms of value which comprises the quantity and the quality, there is no issue of the minimum or maximum increase, fixed or variable increase, just increase no matter how small or large it is and how that increase is defined.

The medium of exchange means any thing that can serve the purpose of exchange of good(s) and/or service(s) in the society at any level i.e., international, national, or local. We all know and recognize currency and gold etc. as the best examples of the medium of exchange, but still for instance in some parts of the world, agro-labour are paid in grains from the harvest they had worked upon, and that grains serve as the medium of exchange on a very localized level and certainly that would fall under the classification of "medium of exchange". Other than this, any thing would become a "medium of exchange" if the loaning party forces the borrower to pay in extra on return.

That is loaned or swapped means the same medium of exchange that was given as loan or used in the exchange. It is generally understood that exchange is "on spot" and loan is "time related" but both the transactions are based on a single produce, no increase either on spot or in a time frame is allowed because there is a definite potential of using the exchange mechanism for riba if it were only banned in loan transaction. Some people question about the sense of allowing exchange of equal quantity and quality on spot, why some one would do that? The answer is very simple, if one has a currency note of 100 and need to change it into lower denominations, what he gets must be equal to 100 in any combination of lower denominations.

Summarizing the rules for the analysis of riba in a transaction, we might conclude the following:

- Riba is only present in a transaction of single produce, generally "the medium of exchange".
- Riba is not necessarily time related; it can be on spot or in any time frame.
- Riba is the "increase", not the "decrease".
- Riba is forced; volunteer extra return from the beneficiary shall not be regarded as Riba.

ISSUES:

- Significance of the most argued claim "riba and trade are same"
- Riba and Islamic Banking
- Present Islamic understanding and misconception about Riba
- Solutions to deal with Riba

Significance of the most argued claim "riba and trade are same"

A transaction is defined as the exchange of good(s) and/or service(s) either on spot or in any specified time frame and that may involve one or more types of produce.

Trade is a transaction where minimum two different types of produce are involved; where one produce is always "the medium of exchange" and the other may be any type of goods.

Barter is a transaction where minimum two types of produce are involved in the absence of "the medium of exchange", in a barter transaction; at least two types of goods are involved.

In a **Service** transaction, again there are two produce involved, one might be "the medium of exchange" or any type of goods, while the other is a service or labour.

In a **Rental** transaction, again there are two produce involved, one might be "the medium of exchange" or any type of goods, while the other is usage of assets/property.

It is very obvious in all above transactions that these involve at least two different elements, hence according to the definition of Riba the possibility of Riba does not exists in any of the above.

The basic division lies in the number of elements in a transaction, if there are minimum two elements in a transaction i.e., trade, barter, service contract, rental agreement, there is no Riba in such a transaction, while it is must for riba that the transaction is based on single element. This is fundamental difference in Riba transaction and trade transaction because it is only possible to create an artificial shortage in a transaction involving one produce only.

Riba and Islamic Banking

Islamic banking, which principally should be completely free from Riba (interest), is practiced under the same "fractional reserve" banking system that has to maintain a minimum "capital adequacy ratio" instructed by central bank of the country they are operating in.

Capital Adequacy Ratio (CAR) is a defined percentage of customer's deposit that goes to the central bank while the customer's bank is free to lend/invest remaining part to its other customers, also it is the main constituent of formula that define the "money multiplying factor" in monetary terms. The banks to create money use "Money multiplying factor". One of the simplest formula for money multiplying factor is:

MMF = DEPOSIT/CAR

An important observation

In the existing system of money creation by the banks, what an Islamic Bank would be doing? If they are also involved in the creation of money and issuing banking instruments based on the newly created money, then they must be extremely conscious in designing financial and investment instruments, a wrong assessment or interpretation of Islamic principles may create the same effect of the instrument in the society and the economic system as Riba (interest) is doing. This is extremely sensitive subject. This is not the problem of Islamic directives on financial dealings, but it's the limitation imposed by the controlling master economic system that is ruling and is non-Islamic. There are certainly many questions regarding this system of money creation like who should create money and when? Unless, Islamic spirit of financial system is not inducted at the governmental level, there cannot be a true Islamic economic society.

Discounting

It has been clearly mentioned in Quranic verses and Hadiths that Riba relates to the increase, and surely that is the truth because only increase can create artificial scarcity of the produce in the society, while if we see the discounting, it does not depict any artificial behavior rather more precisely it has a basic sharing behavior.

The prevailing misunderstanding in the concept of Riba (Interest) that relates it with time as stated by many economists and scholars, has created unrealistic confusion between banking Interest and discounting, most people think that both are same things but actually they are not. The reason of this confusion comes from the practice of applying time-based rate in both cases. Riba is independent of time, it can exist in a hand-to-hand exchange in zero time frame to any large time frame incase of loans, but it is surely an increase not the decrease.

It is a well thought and thoroughly researched conclusion that discounting of financial instruments/bills does not come under the prohibition of Riba. The discounting mechanism inherits a strong characteristic of keeping the circulation of money natural and is an alternative driving force for economic activity for banks and thus for capital.

In response to certain inquiries for more explanation on the subject of discounting, following part is added on **March 21, 2003** :

Discounting is opposite of a Loan transaction (rather one may call it a negative of interest/riba mechanism), the following comparison may be helpful to emphasize on this difference :

Loan transaction	Discounting transaction
When : Capital is in-hand	When : Capital is not in-hand
Scenario : I give you an amount of 100, after one year, I receive 110	Scenario : I give you a Bill of 100, I receive 90 on spot, after one year, you receive 100
Analogy : I sold 100 for 110	Analogy : I sold 100 for 90
An increase of 10 is noticed	A decrease of 10 is noticed
This increase of 10 is an extra liability created on the borrower	This decrease of 10 is basically sharing of what is available
Nature : A loan is required when the wealth has to be created.	Nature : Discounting is required after the wealth is created.
Activity is dependent on loan	Activity is already done.

beside above tabulated differences, there are other differences in nature of these two types of transactions, but the below are two basic differences further explained as :

1. **The increase of 10 in loan is artificial and does not exist in the transaction cycle as part of the principal transacted amount rather is an extra created liability on the part of the borrower, while -10 in discounting is a sharing part of the transacted amount.**

   Please refer to the page Why Riba was prohibited...? - the subject of artificial increase is discussed there in detail. Additionally, to emphasize on this difference, we must keep in mind the concept of equity which is the base of specific modes of Islamic financing, where labour, capital, knowledge, capability, need, availability etc. have respective values and any combination / agreement is allowed to share these assets between the players of wealth creation activity.

2. **I give 100 and receive 110 in loan, while I give 100 and receive 90 in discounting. (The analogy to this is - I sold my 100 for 110 in loan and my 100 for 90 in discounting)**

   Obviously both can not be same. Some people may ask that who gave me 90 on spot would actually get 100 after one year and that is an increase in his money. This is a very common misconception that is noticed and therefore must be replied accurately. Please review :

   1. The capital is not rejected in Islam or in nature, the role of capital is guided with the prohibition of riba and some other ethical and social limitations, otherwise there would be no meaning to Islamic modes of financing. The benefits of capital can not be rejected out rightly, but definitely all those benefits must be permitted which are lawful.
   2. It must be noted here, I am giving him 100 for discounting and not that way as he is giving me 90 as loan. These are two completely different situations.
   3. Although already mentioned above but to emphasize again it is repeated here that only the similarity of time based rate as practiced these days in loan and discounting transactions can not become the reason for equating the loan and discounting transactions and classifying both as riba transaction, whereas these are two completely different types as tabulated above.

In short, discounting by any means does not have the must elements of riba as discussed and defined here earlier, it is a real and much powerful mechanism that can be explored as the lawful driving force for the capital in the Islamic banking industry.

Present Islamic understanding and misconception about Riba

Being a Muslim, it is our faith - what said in Quran is true and what does Prophet Mohammed (P.B.U.H) said in Hadith is the explanation and logical continuation of Quranic verses. How is it possible that any Hadith can be different in its sense from Quran on same subject? Impossible.

I have intensely investigated Quranic verses and Hadiths on Riba and found that the meaning and sense of both sources is the same, the most popular Hadith on Riba, i.e., hand to hand and equal for equal, had in fact helped a lot in the understanding and defining of Riba. The prevailing misconception aroused from the fact that Islamic scholars and economists were not trying to establish a link between the sense of two sources. This has given birth to very strange definition of "riba-al-fadl or riba-al-buyu" that means "Riba in trade". I said strange because when ALLAH has prohibited Riba and allowed trade then what does it mean "Riba in trade" and one should be careful in giving such title because this is a direct conflict with the verses of Quran. If we look at the terminology of transactions, trade has nothing to do with Riba and it is not possible that Riba could exist in trade, and therefore trade is allowed in Quran.

As stated earlier, the most popular Hadith on Riba, i.e., hand-to-hand and equal-for-equal transaction of few mentioned commodities, basically defines following things:

- Increase of value - i.e., demands more
- The medium of exchange - i.e., gold, silver, dates etc.
- Transaction of single produce/element - i.e., gold for gold, silver for silver etc.
- Exchange on spot - i.e., hand-to-hand means in zero time frame

There are many other misconceptions about Riba; like it is mostly related to poor, needy, exploitation of individuals, unearned income, lack of risk taking etc. and such week arguments are given for these concepts that in most of the cases we can justify Riba because in those transaction none of the subject is true. Mostly, the implications of Riba are discussed and those implications are presented as the reasons for the prohibition. Implications are the result and results can be controlled with trimming and redefining policies and this has been done in many parts of the world, but reasons are logic and the science that can not be changed like nature.

Keeping the ideology of why Riba was prohibited and the definition of riba as stated in previous pages, the same reasoning and philosophy is justified on all Hadiths & Quranic verses on Riba. It is my belief that Islam is a religion of logic and clarity, but it is observed unfortunately that some interpretations of its instructions by some people have created confusion and illogical arguments in the society, that must be addressed properly. Some people are not responsible enough to deal with sensitive subjects and because they have a weight in the society, their sayings are propagated in the society. For instance, one of my recent observation about a magazine issue of August 2002, a very prominent Islamic scholar propagated proudly the concept of two types of Islamic economic system, I read that very carefully which negates itself in its own content therein, but the scholar is proud of putting his concept. The Islamic and economic mechanics does not support the idea on very logical and natural grounds but his idea is well circulated in the society.

keeping the spirit of the religion on top of the mind, we must differentiate divine law (Ilhami qanoon) from ethical preaching and teachings. For instance, the divine law about Riba is its prohibition; we can not make a preaching or practice - a part of this law, like treating the borrower gently is a preaching, to give him relief in time/value if he needs/demands is also a teaching of ethics, the best would remain if one donates him the money the borrower is in need of, but under any circumstances these teachings cannot become a part of the law.

This is the beauty of Islam; it rejects un-natural things, it encourages gentle and ethical approach and relates the reward with the level of ethics one shows. Every human has got a different nature, acts and thinks in a different way, no two are 100% equal. The law is equally applicable to all of them, but the reward is in proportion of the fineness of their treatment and behavior in the society.

Solutions to deal with Riba

We are living in an unfair and unjust world, political and social exploitation and injustices are realized easily even by a common person, but the economic abuse is rarely understood, the abuse is not propagated in a way that every one could understand it. Economy is two-third of the life; every thing else combined is the rest, just like the proportion of water in our bodies. The behavior of individuals to the collective behavior of nations depend upon its economic strength. The sovereignty of nations is dependent on its economy. It would be more appropriate to say that the modern day slavery is economic slavery.

When economy is controlling individuals to nations is such a way, no one can afford to sit back and let some one else to control it. It is only possible when one knows as what to do to control its own economy and maintain its sovereignty. The study and statistics shows that every economy in this world is going down somewhere slowly and elsewhere rapidly. General public of Powerful nations to very weak nations are facing the economic system dilemma equally. However, strong nations are well positioned in enforcing their demand charters unjustly to smaller and weak nations in order to get going.

The continuous decline of every economy is a result of the artificial behavior of the economic system that has the power to concentrate resources in few hands, the mechanics of Riba (Interest) has played a pivotal role in this concentration. It is very alarming to note that less than 400 individuals own more than fifty percent of the total world's wealth, the situation is worsening day by day and no one knows what would happen when the whole economic system would fail. The possibility of failure of the economic system does exists, many economist are predicting it as well. One can imagine the fact that the total money reserve of all OECD countries (the largest economic group of wealthiest nations) can not survive for half day session of currency market trading - how fragile the political power is, the public of all these countries are at the mercy of forces beyond the control of any government.

What should be done to create a just system? To eliminate Riba (Interest) from the economic system is the first and most important step that must be taken if we have to save our world form more wars and famines. It is strongly realized by the serious economists throughout the world that an alternate system free from Riba (Interest) should be designed as early as possible to switch over before it is too late. There could be any number of solutions, I would like to propose the following two solutions :

A Just System

There is no doubt that a just system could only be designed by keeping the Islamic economic code at the heart of the system. This would only be possible when there will be a political will in the leadership. Muslim scholars and bankers have spent much time in designing many banking procedures and instruments according to Shariah that can expedite the transformation easily, but the question remains for the central governing system controlling the economy, the system may incorporate and accommodate the following :

- The money creation should be the responsibility of the state.
- The banks must invest only in equity investment.
- The discounting should be explored such that it should serve as the driving force for the banks and the capital.
- Riba (Interest) must be declared as crime in the society.

The Alternate Accommodating Approach

There could be another approach like this :

- Let the banks do Riba (Interest) based banking as they are doing now.
- With a little responsibility on their part to notify immediately to the central bank the amount of Riba (Interest) they have designed in any of their transaction that is going to occur.
- The government should then issue fresh money equal to the Riba (Interest) amount and pumps it into the economy in a debt free fashion.

This approach would at least nullify the artificial scarcity that would have been created due to Riba (interest) based banking instrument, however, this approach will not serve the just distribution of wealth. The government can use this technique to fund its development projects, and people can get much relief in the amount of tax they would be paying otherwise.

This is not the perfect approach; however, it is a better alternate system and it can also be used in transition from present conventional banking to a purely Islamic economic system.

Glossary of useful definition

Money

Any thing that can perform the following functions is money :

- unit of account
- medium of exchange
- store of value

Unit of account

A unit that defines the value/price of any element in a transaction.

Medium of exchange

A publicly acceptable commodity/element that can be used in a transaction for the exchange of good(s) and service(s).

Store of value

An element that has a quality to accumulate the value for future use.

Backed Currency

A currency whose value is guaranteed by a direct correspondence with a commodity (e.g.

the gold), the currency is in fact a claim to a given quantity of that commodity (which typically requires having a stock of that commodity on hand to meet such requests)

Fiat currency
A currency without reference to anything else created by FIAT (Latin, "let it be made" or "let it be done") whose value is guaranteed by the authority issuing it rather than by any external reference or backing. Virtually, all national currencies today are fiat.

Valued Currency
A currency valued by a commodity, when its value is expressed in terms of the value of that commodity, it may or may not be redeemable in that commodity. The Bretton Woods dollar-gold equivalence standard is an example.

Bretton Woods
Township in New Hampshire where the "Bretton Woods Agreement" was finalized after World War II after negotiations mainly between the British and the U.S. The system agreed upon has also been called the "dollar-gold equivalence standard", because it gave the status of official global reserve currency to the US$, on the condition that the U.S. guarantee the convertibility of dollars into gold on demand of other Central Banks. In August 1971, President Nixon unilaterally reneged on that latter clause by "closing the gold window" when France and the UK requested such redemptions. This also inaugurated the era of "floating" exchanges in which the values of each currency and of gold would be left free to be determined by market forces. This act also converted all backed currencies in to fiat currencies.

Central Bank
The bank of banks authorized to manage a national currency; it is a central transaction place for all commercial bank of the country. In today's system, the central bank is solely responsible for the economic condition of the country. There are some Central Banks owned by private banks (e.g., The U.S. Federal Reserve Bank and the Deutsche Bundesbank of Germany); some owned by the government (e.g., Banque de France, the People's Bank of China, and the Bank of England since its nationalization in the 1950s); some are in mixed ownership (e.g., the Belgian Central Bank and the Bank of Japan). Its responsibilities include maintaining internal and external stability of the national currency, interest-rate fixing; or fixing reserve requirements for the private banks etc. Central banks of different countries deal through the Bank for International Settlements (BIS).

Bank for International Settlements (BIS)
A private organization located in Basle, Basel is not a part of any country, situated near Switzerland. BIS is owned by the eleven key central banks in the world and it does work in secret. Although, it started to act as a clearing house for transactions among central banks, but now it has also a role in monetary system as well as some research.

The BIS Board of Directors currently comprises the Governors of the central banks of Belgium, France, Germany, Italy and the United Kingdom and the Chairman of the Board of Governors of the US Federal Reserve System. The Governors of the central banks of Canada, Japan, the Netherlands, Sweden and Switzerland are currently elected members of the Board.

At BIS, fifty institutions have rights of voting and representation at General Meetings. These are the central banks or monetary authorities of Argentina, Australia, Austria, Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, China, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, India, Ireland, Italy, Japan, Korea, Latvia, Lithuania, the Republic of Macedonia, Malaysia, Mexico, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Saudi Arabia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, the United Kingdom, the United States of America and Yugoslavia, as well as the European Central Bank.

International Monetary Fund (IMF)
International organization based in Washington D.C., which administers the Bretton Woods Agreement. The U.S. is the only country with veto power over IMF decisions. The IMF have 184 member countries. It was established to promote international monetary cooperation, exchange stability, and orderly exchange arrangements; to foster economic growth and high levels of employment; and to provide temporary financial assistance to countries to help ease balance of payments adjustment.

OECD – Organization for Economic Co-operation and Development
The OECD groups 30 member countries sharing a commitment to democratic government and the market economy. With active relationships with some 70 other countries, NGOs and civil society, it has a global reach. Its member countries include Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, and United States.

Few examples of Riba

To demonstrate the devastating power in the mechanism of Riba and the ignorance on the subject, following are few examples.

1. Suppose, if just **One Gram of Gold** (i.e., one millionth of a metric ton) was loaned at an interest rate of 2% p.a. at the time of first Hijri year (Islamic calender), then today (after 1422 Islamic years) the quantity of gold required to repay that loan would be **1,696,071.847 metric tons of gold**, while the total gold reserve of the world known today (explored or unexplored) are less than 160,000 tons.

2. If a nation takes a loan of say US dollars one billion at an interest rate of 3% p.a., it would have to repay US dollars 4.3839 billion after fifty years. One can imagine the multiplying rate of Riba mechanism that had badly affected the economies of already weak nations.

3. The president of a country while targeting his predecessors asking publicly that his country is under plenty of debt and where that money had gone? He was unaware of the fact that despite paying more than the actual amount the country took as loan, they are still under debt by more than the amount they had taken as loan. The fact is, the money he is talking about gone somewhere or eaten up by the politicians never existed and is only present in accounting figure of liabilities. It is the dilemma that even heads of the states are not clear about the artificial behavior of Riba so what to talk about a common person.

About the Author

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