

The Concept of Interest and Riba' in a Just Economy and Society According to Islam

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Abstract

Purpose:

Whether bank interest in Islam is considered riba or permissible is still debated. The diverse views of economists and scholars depend on the interpretations of the Qur'an and Sunnah. Some consider bank interest to be usury, while others do not. If the interest contains coercion and illegal levies, it is considered usury. Some are against bank interest for justice and a strong economy, while others believe bank interest can hamper the economy. There is also a view of allowing bank interest if it is used for productive businesses. Economists and banks want to encourage savings so that funds can help borrowers, creating economic growth and prosperity.

Methodology:

This journal article writing method is based on a literature review by reviewing books, interpretations, and writings on usury, bank interest, debt, and other related matters.

Findings:

The purpose of this writing is to show how the public can get several perspectives on usury and bank interest from the thoughts of economists and scholars.

Implication:

These views are then linked to the economic conditions of the Indonesian people, who have not fully embraced Sharia-based economic practices. The hope is that the Indonesian Muslim community can choose a view that is more in line with what they believe in their efforts to obey Allah's commands by staying away from what is prohibited by applying it in the present.

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INTRODUCTION

Since the beginning of its creation, Allah's purpose for bringing humans down to earth was to become His caliph/representative. Humans are given minds and thoughts that distinguish them from other creatures created by God. Apart from that, there is an agreement between humans and their Creator to be able to act following Allah's provisions/shari'a in carrying out their role. Among the roles played by humans apart from preserving the earth with its natural resources, also in human resources to create and maintain world civilization following the provisions stipulated in the Qur'an.

This discussion will focus on preserving human resources so that a golden civilization can be created as guided by the Book of Allah. It cannot be denied that in modern times, two things that contribute significantly to the development of civilization are Science/Technology and the Economy. According to Islam, what will be discussed further in the second is focusing more on usury and its relation to the economy. A well-developed economy aims to create social welfare for all humankind, not just for a select few. Moreover, Islam teaches that fellow Muslims are brothers; therefore, a Muslim is a helper for other Muslim brothers who are in trouble and need help.

For a Muslim whom Allah gives sufficient sustenance, he should be able to provide benefits to his brothers who are still far from sufficient through zakat, infaq, and alms and to relatives who need help with business capital through loans in a way that does not hurt their Muslim brothers. The concept of a Muslim's life taught in the Scriptures is not exaggerated; neither wasteful nor miserly, but must be balanced (Quthb, 2018). However,

developing the wealth and business that we earn so that we can distribute it more to our fellow human beings in general and to our fellow Muslims, in particular, is also an important matter, as Allah has said in the Al-Qur'an Al-Hashr: 7, "So that the wealth does not only circulate among the rich among you."

In building the economy, you need capital to start a business. The modern economy is now different from the previous economy, where the need for capital is not for a business but for consumption. Even if there is a need for a business, the required capital value is not too large, and therefore, the loan process can be carried out from someone who has the capital to those who need it by adding money from debts (money borrowed) that are due. This activity of lending money with usury has been going on for a long time from the people before the people of the Prophet Muhammad SAW.

The Islamic view of usury is that Allah forbids usury and justifies buying and selling (Al-Khalidi, 2017a). Only now, the practice of usury in various aspects is still complicated to avoid, especially in the Indonesian economy, which is not based on Islamic economics. What then becomes a question is whether the bank interest charged to borrowers is usury. Then, how can the Indonesian Muslim community distance themselves from it by offering alternative solutions where the community can still develop their businesses so that a more comprehensive circulation of assets can be created?

History of Riba'. One thing that is certain about usury is that Islam prohibits it and all religions (Shihab, 2021). Catholic business ethics inspired by the Bible uphold the values of justice, honesty, responsibility, social enthusiasm with other business competitors, and willingness to contribute something for standard progress (Suseno et al., 1994). Doing usury' is torturing other people, and this does not reflect justice and responsibility nor a social spirit among fellow human beings.

In Jewish law, the oldest law regarding the prohibition of usury is contained in the Code of Law of Moses (see Old Testament, Leviticus XXV: 36 and Deuteronomy XXIII: 20). In practice, the ban was enforced among the Jews only. Therefore, they see a loophole to take usury from other nations, which, according to them, is ethically permissible, so that eventually the Jews are known to practice usury' (Rahardjo, 1996).

Riba' was originally a practice prohibited for Christians, and for a millennium, all Christian scholars, theologians, and legislators supported this prohibition of usury. It means that the prohibition of usury is not only attached to Islam (Rahardjo, 1996). However, the movement to abolish the prohibition of usury finally occurred in the era of liberalism and capitalism in 1854 in England and 1857 in the Netherlands. The interpretation of usury and interest has changed with the abolition of the prohibition of usury. Riba' (*woeker or usury*) is interest or profit that is too high, which contains elements of extortion/coercion. At the same time, bank interest (*rent or interest*) is a reasonable interest rate that may be collected under the law to assist economic activities for the community (Rahardjo, 1996).

The concept of 'riba' also existed in ancient Greece and Rome, where the practice was prohibited. Aristotle was also against collecting rent (usury) because he considered that money could not generate money (Harahap, 1984). Money, said Aristotle, is an object that is not classified as organic (*inorganic*) and is used as a medium of exchange. Therefore, money cannot "beget." Whoever asks for payment for lending money, actions to Aristotle are considered contrary to natural law (Rahardjo, 1996). Cato, a Roman political expert, saw that the work of collecting rents was equated with the work of killing people (Harahap, 1984).

When someone is in debt and cannot pay it, his debt is multiplied by usury, so when his wealth is finally used up, and the debt is still there, he must pay it with his body, becoming the slave of the person he owes. It is, of course, fierce, nothing, inhuman and miserable. That is why usury is strictly prohibited in all religions, even in ancient Greek and Roman cultures.

Riba' in the Qur'an. The Qur'an mentions usury seven times, and we will try to explain each verse:

1. Surah Ar-Ruum verse 39. In this verse, Allah explains that usury (additional) that we are given so that human wealth increases, according to Allah, does not increase. The meaning of this verse is: whoever gives something to another person in order to get a greater return than what he gave, that person will not receive a reward from Allah (Al-Khalidi, 2017c). What is considered to increase the pleasure and reward of Allah is not usury but zakat (Quthb, 2018).
2. Surah Al-Baqarah verse 275. In this verse, Allah describes that people who practice usury are likened to people who are crazy because they are crazy. They think buying and selling is the same as usury' (Quthb, 2018). People who practice riba' live uneasy and unhappy. Allah also explained that usury which had been done before the

warning came from Allah, was handed back to Allah. However, after this warning came, he should stop practicing usury and not continue it. God's punishment is explicit if humans continue to do it, namely hell. Ibn Abbas said, "The usury eater will be resurrected on the Day of Judgment mad and suffocated" (Al-Khalidi, 2017a).

3. Surah Al-Baqarah verse 276. This verse explains that Allah destroys usury and nourishes charity (Quthb, 2018). According to my understanding, by stopping usury and replacing it with alms, Allah can forgive our mistakes and get us out of sin and disbelief for our previous usury sins.
4. Al-Baqarah verse 277, although it does not mention the word *riba'*, explains that the opposite of usury is zakat. That zakat is a solution to human economic problems. In Surat At-Taubah verse 60, it is also explained that zakat is not only given to the poor but also to free those in debt. Besides getting a reward from Allah, people who pay zakat will also reflect a calm, peaceful, happy life and build good morals.
5. Surah Al-Baqarah verse 278. Here Allah calls on the believers to leave the rest of the usury that they have not collected as proof of our obedience and faith in Allah.
6. Surah Al-Baqarah verse 279. In connection with the previous verse, even though the word *riba'* is not written anymore in this verse, Allah emphasizes to those who (claim to be) believers here if they do not want to leave usury' or disobey Allah's commands, then Allah challenged him to fight with Allah and His Messenger. Of course, this is impossible for a creature to challenge its Creator, let alone even think about winning. No matter how you see it, no creature can win against its Creator in war. This verse also explains that a person can still get the right to the principal of the loaned property without collecting the remaining usury.
7. Surah Al-Baqarah verse 280. Islam has ideally provided a way out of every problem. This verse teaches that if a debtor has difficulty making payments, he should be given a time delay or additional time until he can pay it. However, if we give the debt to him, according to Allah, it is better for us.
8. Surah Ali-Imran verse 130. In this verse, Allah's statement is not to consume usury multiplied, as happened in the Jahiliyah era (Al-Khalidi, 2017b). It can then open up different interpretations of what is meant by multiplying. However, Sayyid Quthb says, "Multiplied is a description of facts, not as a condition related to law" (Quthb, 2018). That usury is characteristically unlawful, regardless of the interest rate.
9. Surah An-Nisaa verse 161. Previously, in verse 160, Allah narrated the prohibition on food that was previously lawful for the Jews and then made unclean by Allah. According to Allah, this is because the Jews often hinder other people from the way of Allah. In verse 161, it is also explained that the Jews often practice usury even though it has been banned. They eat other people's property in a way that is not good. Therefore, Allah prepared a painful doom for them.

These are the verses in the Qur'an which emphasize the prohibition of usury.

Different Views About Riba Applications'. *Riba'* is an addition that is not a profit from regular and clean buying and selling (Quthb, 2018). The two types of usury that are commonly known are usury *Nasiah*, which in addition due to a delay in payment, and usury *Fadhl*, which is selling something for something similar to it with additions. Prophet Muhammad SAW. also emphasizes that any debt that benefits the creditor is *riba'* (Shihab, 2021). Included in the category of *riba'* include:

- Mukhabarah (*muzara'ah*), namely someone who borrows land from a landowner to be used for farming, with the condition that he must give the landowner a portion of his crops (Al-Khalidi, 2017a).
- Muzabanah, namely buying wet dates that are still on the tops of the date palm trees with dried dates that are already on the ground and have been picked (Al-Khalidi, 2017a).
- Muhaqalah buys seeds that are still on their stalks in the garden with seeds that are already in the ground (Al-Khalidi, 2017a).

Why is this considered a carrier of usury? Because there is no known similarity (size between goods exchanged) between the two goods. If things like this are continued, what will happen is a loss of wealth or loss of blessings (Al-Khalidi, 2017a). The severity of the sin of usury is explained in history; by Abdullah bin Mas'ud Ra. that according to the Prophet Muhammad, the lightest sin of usury is like a man marrying his mother, and the heaviest usury is defaming the honor of a Muslim (Yusuf, 2013).

While the notion of interest on money is compensation for investors who submit their money to be used by borrowers of capital (Harahap, 1984), at first glance, usury and interest on money (banks) look the same. However, there are ideas about the differences between the two.

In his book *Harta Haram Muamalat Contemporary*, Erwandi Tarmizi argues about the condition of economic progress in the last century based on the opinions of experts who consider that usury is permissible, including:

1. The Agio theory assumes that existing money is more valuable than in the future (inflation). Therefore, interest is a cover for inflation.
2. Heek's theory explains that time and goods both have value. Therefore, the interest charged to the debtor is in return for the time value of the money lent.
3. Adam Smith's theory explains that profits are generally higher than interest. Therefore, interest is charged as compensation for money lent to debtors so that they both benefit.
4. Risk Theory explains that interest is compensation for the risks capital lenders face.
5. Marshall's theory explains that debtors charge interest as compensation for creditors who cannot use their money when it is suddenly needed because it is being loaned to debtors.

Erwandi Tarmizi responded that:

1. It is precisely interest that is the cause of inflation because producers always include interest costs in their production costs, so that it affects the selling price. Inflation will still exist even though it is not being lent to debtors. When a currency strengthens, debtors still do not enjoy deflation. It means that the distribution of profits and losses is unequal.
2. Time has no value like services and goods. The illustration he takes is that an unemployed person who has time but does not have services or goods does that time have value to be rewarded in the end. Of course, the answer is no.
3. The essence of usury is to wrong the borrower. The lender will be the only one benefiting from the profit. If the borrower and lender are ready to profit and lose together, then the executed contract is a *mudarabah* contract.
4. The risks in Islam can be prevented by pawning goods, not by being rewarded with money. The mortgaged goods can be sold, and the money can be given to the lender if the borrower cannot pay and repay the debt.
5. The primary difference between Islamic and capitalist economics is in the afterlife value that every Muslim believes. When he helps his brother who is in trouble, he hopes for the blessing and reward of Allah SWT, even though, in the end, he has to postpone using his money to meet his needs (Tarmizi, 2019).

Tarmizi also explained that bank interest is illegal and includes *riba'* because conventional banks depend on interest in their business activities. The process is that the bank collects funds from the public (savers), then the funds collected are lent as capital to the borrower at a higher interest rate than the interest given to savers. The bank makes a profit from the difference between the two interest rates. The contract that occurs at the bank between the saver and the bank is not a deposit but a loan. Therefore, the law of interest is forbidden (Tarmizi, 2019).

According to Rodney Wilson, bank interest collection is allowed because it is considered an operational cost of business activities. Bank interest collection is different from that collected by traditional moneylenders, where the interest rate is usually too high and ends up being a burden on people experiencing poverty in general because, in most cases, they are the ones who need the assistance of these lending services (Wilson, 1988).

Sjafruddin Prawiranegara thinks that "the work of borrowing money and collecting usury" is legally prohibited. Whereas interest, which is collected by banking institutions, which work based on applicable laws to protect the interests of society, is permissible as something treated in community economic activities" (Rahardjo, 1996).

Muhammad 'Abduh, a reformer of Islamic thought from 19th century Egypt and once the chancellor of Al-Azhar University, once said, "Interest that is not too high is permissible." It means that from some of the experts' thoughts above, they distinguish between usury and bank interest, where the first is unlawful while the second has thoughts that allow it with conditions.

Regarding the meaning of usury, Mohammad Hatta believes that usury and rent are different. *Riba'* is prohibited because this act has caused misery for people experiencing difficulties, while rent or interest is remuneration for loans used for production purposes (Rahardjo, 1996).

Sjafruddin Prawiranegara also has another view on usury and bank interest. He illustrates it with an example. When person A lends money to someone else B at a reasonable interest rate of 6% a year, that interest is the

advantage of the credit for borrowing the money. Compared to another scenario where A sells books to B for Rp. 100 already with a profit of Rp. 30, the book is sold on credit for 3 months at Rp. 120 with a profit of Rp. 20 in 3 months (an interest rate of 80% per annum) (Prawiranegara, 2011).

Furthermore, he thinks assessing the benefits of granting credit in the form of money is unlawful usury. In contrast, the profits derived from the sale of goods credit are lawful, which is irrational. According to him, this is because in both lending money or selling goods on credit, the debt recognized by the debtor in both cases is stated in money, so that the nature of the profits from both borrowing money and selling goods on credit is the same (Prawiranegara, 2011).

In Sjafruddin Prawiranegara's point of view, the main differentiating thought is that usury transactions contain elements of abuse of the economic position of a strong party against a weak party, not based on a consensual agreement to be bound in an agreement. However, because there is inner coercion and no other way, it is *riba*'. He also added that in the history of money, money originated as ordinary goods, such as tradeable trade (Prawiranegara, 2011).

Unlike trading, the idea that creditors who lend money are just waiting without work for the money to return without risk is far-fetched. Because traders are waiting for the best time to sell their goods, in addition, you can imagine if the loan to the debtor is of an immense value reaching billions of rupiah or millions of dollars, does the owner of the money feel that there is no risk for the money he has lent? It is certainly not the case.

Sharia and Economics. Economics which is now developing in the world, is the result of the thought processes of experts through various kinds of research and experience. We must believe together that Islam brings values that can be applied in economic life (Shihab, 2021). Sharia is a characteristic and specificity attached to something different from the characteristics of other parties. In other words, Sharia is the way to the source.

When we talk about the economy, we believe that the Qur'an teaches us to create justice, prosperity, and prosperity for all human beings (Shihab, 2021). The values in the Al-Quran regarding the prohibition of usury and the prohibition of buying and selling, regarding debt, distribution of inheritance, ownership of property, and others must be developed together with economic and Sharia experts to create the economic governance expected by everyone. That is the goal of Sharia.

The Islamic Economic System requires that both parties who will bind themselves to a transaction agree and be satisfied with the terms they agreed upon previously. It is to prevent fraud, evil, violation of law, concealment of disgrace, or persecution from one party to another. In addition, there must also be an option for both parties to cancel the transaction on agreed terms. Profits or losses are shared/shared according to the previous ratio (profit sharing) agreement (Shihab, 2021).

According to Quraish Shihab, a Muslim is encouraged to provide loans/credit for personal and business needs to those in need. However, the lender cannot demand repayment, even the slightest excess of the amount owed. If, when returning the loan, the borrower gives something as a token of gratitude to the lender, then this is permissible as long as it is not previously required (Shihab, 2021).

Al-Qur'an and Sunnah have set provisions in matters relating to property. The basic principles are fixed and unchangeable. However, what needs to be considered is how to understand these principles in line with the development of society and its needs. It can result in different interpretations and applications according to the current conditions faced by society. Things like this also happened at the time of the Prophet's companions. Formerly. We will maintain its basic principles as a guideline for creating justice and benefiting all humans. However, in detail, the Islamic economy can be elastic and change and develop according to the conditions of society at that time (Shihab, 2021).

METHODS

In this study, the authors used the library research approach, a scientific research method that consists of collecting and analyzing data. According to Sari (2020), library research is defined as research where data is taken from various library information such as magazines, journals, newspapers, and books.

The reason for using this approach is that the author wants to review books, interpretations, and writings on usury, bank interest, debt, and other related matters. The purpose of this writing is to show how the public can get several perspectives on usury and bank interest from the thoughts of economists and scholars.

Data sources in this study are divided into two categories, namely primary data sources and secondary data sources. This primary data source is research data obtained by researchers directly from books. Meanwhile, secondary data is a source of research data obtained indirectly but closely related to research, such as newspapers, magazines, and scientific journals.

RESULTS AND DISCUSSION

Historically, giving debt was previously associated with the doctrine of charity or alms. At that time, the level of community development was still modest; lending something to those in need (usually for consumptive needs) would be considered a good deed, in any religion, without the added value of returning the loan. Even if there is an opportunity to do business, whether to trade or produce goods, the value is minimal and can be lent by individuals, not institutions. Lenders also need a perception of the *opportunity cost*. Therefore, they are satisfied if their loan returns are intact (Rahardjo, 1996).

However, in line with the times, these values have shifted because business needs have begun to increase, and people who lend money are also worried about taking the risk of loss if the money does not return or loses money because of the immense value. The issue of borrowing money has changed. Money is no longer a mere medium of exchange but also as capital which, when rotated, can provide additional results for the value of the money (Rahardjo, 1996). Therefore, in the middle of the 15th century, some church preachers with the Renaissance wing began to look for loopholes so that transactions would not be considered usury.

During the Jahiliyya era, the period before Islam's emergence and the Prophet Muhammad's lifetime. In the previous period, ignorant people also practiced lending money with usury. They set a repayment time, but when the borrower cannot pay off his debt at the agreed time, he will be given a deferred payment period but on the condition that the value of the debt is increased. Thus, if the debt is still not repaid. So, this is very troublesome for the borrower of the money because the usury charged to him is multiplied. Because of these things, *riba'* is unlawful according to Islam.

Regarding the view that states that the lesson from the prohibition of usury is tyranny, persecution, and misuse of creditors' economic power on debtors, which nowadays does not occur in modern financial institutions because customers save to invest, banks also carry out a feasibility study to prevent losses, according to Sheikh Yusuf al-Qardhawi, a contemporary scholar, that wisdom is not used in establishing laws, but '*Allah*'. "*Ilah* is something clear and measurable and is an obvious sign for the law." Wealth and money must develop from work and effort by lawfully developing valuable activities that can be carried out alone or together (Shihab, 2021).

Al-Qardhawi also refutes thoughts that argue that conventional banks function to build, while, according to him, the principal work of banks is like loan sharks in the past because they only traded money and did not build factories, make goods or grow crops that can be traded. Another argument is that conventional banks provide much prosperity in their opinion; on the contrary, many people, rulers, and even countries have suffered a downturn in their lives and sustainability because of usury, so they cannot pay off/pay (Shihab, 2021).

Another thing is according to Syabirin Harahap argues that there is a difference between bank interest and usury, where the collection of interest is related to economic goals. In contrast, usury is closely related to consumptive needs. The person who pays the interest has high hopes that his business will be successful and will get much profit from the loan results. In productive interest, there is an economic motive to achieve prosperity, while usury for consumptive needs usually leads to misery (Harahap, 1984).

Syafruddin Prawiranegara thinks that usury is a transaction containing extortion and fraud. Various transactions, for example, the practice of debt bondage, may not be explained and prohibited by the concept of *riba'*. However, by looking at its essence, which is extortion by the strong against the weak, he calls it usury' (Rahardjo, 1996). He emphasized that in dealing with economic problems, what needs to be advanced is a pragmatic attitude to strive for a balance between individual, community, and state interests (Prawiranegara, 2011).

As discussed above, today's lending and borrowing activities are much more developed than in the past. The need for capital is no longer limited to consumptive needs or necessities of life but also needs for business, including production, industry, and trade. It is where the role of financial institutions is needed because of their wide scale and immense value, so individuals can no longer handle them because funds are generally more limited.

According to Dawam Rahardjo, in carrying out their business activities, banks and other financial institutions need operational costs, including administrative costs, fees provided to lenders, guarantee costs for the security of principal and interest debts, costs for a possible decline in the purchasing power of money, both due to inflation and the exchange rate against foreign currencies, as well as the costs required to maintain the integrity of the money due to payment by installments (Rahardjo, 1996). The debtor bears all of these costs to maintain the security of the capital lender's assets because they also bear the risk when the money is lent by the bank to those who need loans.

The risk faced by the financier is that, temporarily, he cannot use the money for his interests. In the process of borrowing, the value of money can decrease, and the worst thing is that the money does not return. Therefore, banks must close all gaps that could harm the security of capital owners. For this intermediary work, the bank is entitled to receive a commission. These Banks and Financial Institutions were established by following the laws stipulated by the state to become a forum for people to voluntarily conduct financial transactions, protect the public from extortion and regulate reasonable profit levels. It can be considered that banks are a way out of usury' (Rahardjo, 1996). Transactions at the bank will be much safer than doing private lending activities that are not protected by law.

For those who still believe that bank interest is usury' and is forbidden, the Islamic Sharia Bank solution is offered by the state as an alternative concept to carry out Allah's commands to stay away from its prohibitions. Through Islamic banks, the need for business capital can still be sought. Islamic banks will still charge fees to the debtor, but the contract being executed is a profit-sharing agreement.

Dawam Rahadjo explained that there are three ways to carry out transactions with the Sharia concept, namely:

1. Mudlarabah, namely creditors who are domiciled as sleeping partners. He provides capital, but those who carry out business activities or active partners are debtors. They bind themselves in an agreement without coercion, like each other, and agree that profits or losses will be shared (Rahardjo, 1996).
2. Musyarakah, namely a condition in which the owner of capital and the borrower of capital both actively run business activities and are jointly responsible for business profits and losses (Rahardjo, 1996).
3. Murabahah is a Sharia concept in which the bank has a role. Banks that make purchases in part or whole of an item. The bank promises to sell the goods back to the debtor at a higher price. Banks also provide services depending on the value of their profits, including the costs they have to absorb (Rahardjo, 1996).

The challenge for banks by adopting this Sharia concept is to ensure that the costs that debtors must absorb can be lower than a market or competitive interest rates so that debtors are interested in using the services of Islamic banks rather than conventional banks. However, if the return on investment received by savers is less attractive if they deposit it in an Islamic bank, they will continue to shop for services at other banks that align with their expectations. The last thing that must be explored is whether the concept of Islamic banking that has been running so far follows the principles in the Qur'an and Sunnah in its application.

Of all the opinions regarding usury and bank interest described above, everyone has their own beliefs to choose which opinion most follows their inner values and understanding of religion. An essential value that Muslims must possess is to respect each other's differences in perspectives and the choices they make so as not to accentuate these differences of opinion and corner one another. Strong economic growth must be built based on the fundamental principles in the Al-Qur'an and Sunnah to create benefits and justice for all human beings. Differences in interpretation of these basic principles without deviating from or deviating from the essence outlined in the Al-Qur'an and Sunnah must be addressed appropriately without accusing one party of being wrong and judging a particular party as more correct.

CONCLUSION

Riba' is a universal problem not only in Islam, because Christianity and Judaism prohibit the practice of usury.' Riba' is a work that is despicable, sinful, and inappropriate for humans to do because it reflects the nature of miserliness, greed, selfishness, and dirtiness. Carrying out this usury practice will make this world full of anxiety, chaos, fear, misery, and individualism. Humans will be exposed to mental illness, which can lead to death.

However, humans are not free from these bad traits. The practice of usury continues and is difficult to avoid. Human needs are growing, and human desires are increasingly diverse. The challenges of living in the modern world also offer many advances that lead to consumptive and productive activities. For this reason, it is necessary to regulate and limit the practice of usury' and how the principles in the Qur'an and Sunnah can be the basis for leading to suitable economic activities which are ultimate without usury.'

Economists and scholars still have many different understandings of usury and bank interest. Some think that bank interest is usury' and there are those who think bank interest is not usury' and is permissible. The criteria for whether or not it is permissible are as follows: if the additional debt has an element of coercion, extortion (interest is very high and multiplied so that it makes the borrower miserable), this is considered riba'.

Interest is collected from people who borrow for productive purposes, for example, for business; without coercion or extortion, this is permissible. From the point of view of the owner of the capital who lends, he should also get something from the money he lends so that the transaction carried out benefits both parties.

Bank interest received by savers from the bank is also permissible because the bank does not feel compelled to give it, and this is a provision that has been made by economists and the bank itself in order to motivate people to save so that the bank can distribute these funds to those who need assistance. Loans and economic growth can be created to spread prosperity for the whole community.

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