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THE EARTH IS A MASJID.

— POSITION PAPER —

REBA

ISLAMIC FINANCE & THE GREAT UNDERTAKING

— IMAM YUSEF ISMAIL —



— RESEARCH. PRINCIPLE. JUSTICE. —

THE MASJID OF LIFE

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The Masjid of Life is a Qur'an-centered institution dedicated to cultivating individuals, strengthening families, building communities, and establishing institutions rooted in the guidance of Allah.

Its work brings scholarship into the practical realities of contemporary life—uniting education, public thought, entrepreneurship, community development, and institution-building. Revelation should not remain confined to theory; it should shape human character, social relations, economic life, and the institutions through which people live.

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These position papers are part of that undertaking. They address consequential questions with seriousness, clarity, and an unwavering commitment to justice before God.

CULTIVATING A QUR'AN-CENTERED CIVILIZATION

ABOUT IMAM YUSEF ISMAIL



Imam Yusef Ismail is the founder of the Masjid of Life, a Qur'an-centered institution dedicated to cultivating individuals, strengthening families, building communities, and establishing institutions rooted in the guidance of Allah.

His work bridges scholarship and practice, bringing together education, entrepreneurship, community development, and institutional leadership. He believes revelation should not remain confined to theory, but should shape every dimension of human life.

Alongside his educational work, he has built and continues to develop initiatives in real estate, foreclosure resolution, business consulting, and community-centered economic development. These experiences reinforce his conviction that meaningful change requires both sound ideas and strong institutions.

His mission is to help cultivate communities where innocent people can thrive according to the guidance of Allah.

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REBA

Islamic Finance and the Great Undertaking

About This Position Paper

Most discussions of reba focus on whether a particular loan or financial contract contains interest. This paper goes further. It examines how reba developed from an exploitative transaction between individuals into a monetary architecture built upon fiat currency, inflation, debt creation, central banking, and the erosion of real economic value. Beginning with the Qur'an and the shared moral teachings against usury, the paper then places Keynesian monetary assumptions, Austrian economic criticism, modern Islamic banking, and the realities of financial necessity into direct conversation. Its purpose is not merely to condemn the present system, but to define the principles and institutions required to build a just alternative.

Questions Explored

- How did reba become part of the architecture of modern money and banking?
- What is the relationship between fiat currency, inflation, debt creation, and reba?
- Where do Qur'anic principles and Austrian economic criticism converge?
- Has contemporary Islamic banking escaped reba or changed its contractual vocabulary?

This preview includes the scriptural foundation and the opening modern critique through the Qur'anic and Austrian comparison.

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah, the Most Gracious, the Most Merciful

What is Reba & Islamic Finance?

Eliminating Reba: Our Great Undertaking.

Sayyiduna Abu Hurayrah (رضي الله عنه) narrated that the Messenger of Allah ﷺ said,

يَأْتِي عَلَى النَّاسِ زَمَانٌ لَا يَبْقَى أَحَدٌ إِلَّا أَكَلَ الرَّبَا، فَإِنْ لَمْ يَأْكُلْهُ أَصَابَهُ مِنْ غُبَارِهِ

“A time will come upon people when none will remain who does not consume usury (reba), and if anyone does not consume it, its dust will still reach him.”

This Hadith, found in collections such as Musnad Ahmad, Sunan Abu Dawood, and Mustadrak al-Hakim.

Allah ﷻ tells us in Surah 5 [The Table Spread, Al-Ma'idah المائدة], Ayah 54:

يَا أَيُّهَا الَّذِينَ ءَامَنُوا مَنْ يَرْتَدَّ مِنْكُمْ عَنْ دِينِهِ فَسَوْفَ يَأْتِي اللَّهَ بِقَوْمٍ
يُحِبُّهُمْ وَيُحِبُّونَهُ أَذِلَّةٍ عَلَى الْمُؤْمِنِينَ أَعِزَّةٍ عَلَى الْكَافِرِينَ يُجَاهِدُونَ
فِي سَبِيلِ اللَّهِ وَلَا يَخَافُونَ لَوْمَةَ لَائِمٍ ۚ ذَٰلِكَ فَضْلُ اللَّهِ يُؤْتِيهِ مَنْ
يَشَاءُ ۚ وَاللَّهُ وَاسِعٌ عَلِيمٌ ٥٤

O you who believe! If any from among you turn back from His Faith, soon will Allah produce a people whom He will love as they will love Him, lowly with the believers, mighty against the rejecters, fighting in the way of Allah, and never afraid of the reproaches of such as find fault. That is the grace of Allah, which He will bestow on whom He pleaseth. And Allah encompasseth all, and He knoweth all things.

I pray: O Allah ﷻ, make us a people who rise to reverse the tide of reba. Guide us to restore justice and righteousness in our financial dealings, and lead us toward a system rooted in mercy, equity, and truth. Use us, O Allah, as instruments of Your will, steadfast in freeing the world from the grip of usury. Empower us to uphold Your commands, to act with courage and clarity, and to build a legacy of ethical stewardship for generations to come. Ameen.

Introduction and The Great Undertaking:

This position paper sets forth our commitment to eliminating reba by reclaiming finance, education, and economics as arenas of worship, justice, and service to Allah ﷻ. While we remain within the current system, we act with principle, supporting Islamic institutions first and allowing only constrained concessions when necessity demands. Our undertaking is not retreat but advance, building parallel systems of fairness, dignity, and compassion that will one day replace the exploitative order with one rooted in divine justice.

The Theological Foundation and Divine Command

Reba (Arabic: الرِّبَا، الرِّبَا، الرِّبَا) is broadly defined in Islamic law as unjust, exploitative gain in trade or financial transactions. It refers to any excess or premium charged without reciprocal value, especially in lending. The Qur'an and Sunnah strictly prohibit Reba due to its oppressive nature, its tendency to concentrate wealth unfairly, and its ability to enslave.

Across the Abrahamic traditions, and in fact nearly all major religions on earth usury (reba), the practice of charging interest on loans, is strictly prohibited due to its exploitative, unjust, oppressive nature. Al-Islam, Christianity, Judaism, Hinduism, Buddhism, and even Greco-Roman philosophy collectively represent nearly 75% of the global population, and each contains explicit warnings in its sacred texts or philosophical teachings against profiting from the financial vulnerability of others.

In Islamic law, reba is categorically forbidden in the Qur'an and Sunnah, viewed as a grave moral and economic injustice. Christianity and Judaism both prohibit interest-taking among brethren, emphasizing mercy and mutual upliftment. Hindu scriptures, including the ancient Vedas, contain some of the earliest known denunciations of usury, dating back to 2000–1400 BCE, while Buddhist teachings classify interest-charging as a form of wrong livelihood, incompatible with compassion and ethical balance.

Even Aristotle, writing in the 4th century BCE, condemned usury as unnatural, arguing that money, being sterile, cannot reproduce and should serve only as a medium of exchange, not a tool for exploitation.

This unified moral stance across civilizations and centuries affirms a timeless truth: a just economy must be rooted in equity, transparency, and restraint, not in the **commodification of debt, where obligations between people are stripped of their human context and repackaged as tradeable products for speculation**, nor in the enrichment of the few at the expense of the many.

Islamic scholars have categorized Reba into three primary types, each with distinct characteristics:

1. Reba al-Fadl رِبَا الْفَضْلِ (excess in exchange)
2. Reba al-Jahiliyyah رِبَا الْجَاهِلِيَّةِ (pre-Islamic compound interest)
3. Reba al-Nassee'aa رِبَا النَّسْئِئَةِ (interest from delay)

- **Reba Al-Fadl:** which means usury in barter or trade. The word fadl means an excess over the cost for a premium. This form of Reba occurs in **barter or trade**, where one party demands **an unequal exchange** of commodities or currencies. For example, selling gold for gold or wheat for wheat at unequal quantities or with a delay in delivery. The Prophet ﷺ prohibited such transactions to prevent hidden interest and exploitation. Reba Al-Fadl breaks the rule of equal and honest trade.
- **Reba Al-Jahiliyah:** which means the usury practiced during the age of ignorance. This form of Reba was common among the pre-Islamic Arabs and Jews before Islam. Usury in accessing fees and raising Interest: Reba al-Jahiliya involved a loan agreement where the borrower was not initially required to pay more than the principal. However, if the borrower failed to repay on time, the lender would extend the deadline **only if** the borrower agreed to pay an additional amount. This incremental penalty, often compounding over time, was considered exploitative.
- **Modern Parallel:** This resembles late fees or penalty interest on rental payments or loans, where time-based penalties are added without any new service or value provided.

- **Reba Al-Nassee'aa:** which means deferred usury. A clear example of deferred interest is the loan payment schedule, which outlines the interest accrued over the life of the loan, even if payment of the interest is postponed to a later date. This is the **most clearly prohibited** form of Reba in the Qur'an and the other major religions of the world. It refers to **interest charged on delayed payments**, where the lender profits simply by waiting. The transaction is time-dependent, and the gain is not tied to any productive activity. During the Age of Ignorance, lenders may shorten the repayment window to trigger a late payment, thereby accelerating default or penalty conditions.
- Key Insight: Manipulating time for financial gain, without real economic exchange, is a hallmark of Reba Al-Nassee'aa.

Islamic Scholarship has utilized some Qur'an verses and Hadith to support the categories mentioned above; however, this list is not exhaustive.

Qur'anic Verses of Reba

Allah ﷻ informs us in Surah 3 [The Family of Imran, Āl 'Imrān, آل عمران], Ayah 130:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُضَاعَفَةً ۖ وَاتَّقُوا اللَّهَ
لَعَلَّكُمْ تُفْلِحُونَ ۝١٣٠

O you who believe, do not take usury, doubled and multiplied, but be conscious of God that you may flourish.

Allah ﷻ informs us in Surah 4 [The Women, An-Nisā', النساء], Ayah 161

وَأَخْذِهِمُ الرِّبَا وَقَدْ نُهُوا عَنْهُ وَأَكْلِهِمْ أَمْوَالَ النَّاسِ بِالْبَاطِلِ ۚ
وَأَعْتَدْنَا لِلْكَافِرِينَ مِنْهُمْ عَذَابًا أَلِيمًا ۝١٦١

And because they took usury, though they were forbidden, and because they wrongfully devoured the people's sustenance. We have a terrible punishment prepared for those among them who do not believe.

Allah ﷻ informs us in Surah 2 [The Cow, Al-Baqarah, البقرة], Ayah 275–280:

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ
مِنَ الْمَسِّ ۚ ذَٰلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا ۚ وَأَحَلَّ اللَّهُ الْبَيْعَ
وَحَرَّمَ الرِّبَا ۚ فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَىٰ فَلَهُ مَا سَلَفَ
وَأَمْرُهُ إِلَى اللَّهِ ۚ وَمَنْ عَادَ فَأُولَٰئِكَ أَصْحَابُ النَّارِ ۖ هُمْ فِيهَا
خَالِدُونَ ٢٧٥

يَمَحَقُ اللَّهُ الرِّبَا وَيُرْبِي الصَّدَقَاتِ ۚ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ ٢٧٦

إِنَّ الَّذِينَ آمَنُوا وَعَمِلُوا الصَّالِحَاتِ وَأَقَامُوا الصَّلَاةَ وَآتَوُا الزَّكَاةَ
لَهُمْ أَجْرُهُمْ عِنْدَ رَبِّهِمْ وَلَا خَوْفٌ عَلَيْهِمْ وَلَا هُمْ يَحْزَنُونَ ٢٧٧

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ
مُؤْمِنِينَ ٢٧٨

فَإِنْ لَمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِنَ اللَّهِ وَرَسُولِهِ ۚ وَإِنْ تُبْتُمْ فَلَكُمْ
رُءُوسُ أَمْوَالِكُمْ لَا تَظْلِمُونَ وَلَا تُظْلَمُونَ ٢٧٩

وَإِنْ كَانَ ذُو عُسْرَةٍ فَنَظِرَةٌ إِلَىٰ مَيْسَرَةٍ ۚ وَأَنْ تَصَدَّقُوا خَيْرٌ لَّكُمْ ۖ
إِنْ كُنْتُمْ تَعْلَمُونَ ٢٨٠

Those who devour usury will not stand except as one stands who Satan, by his touch, has driven to madness. Because they say, "Trade is like usury." But God has permitted trade and forbidden usury. Those who stop after receiving direction from their Lord will be forgiven for their past, and their case is for God. But those who continue are companions of the fire, they will live therein forever.

God will deprive usury of all blessings, but will give more for deeds of charity, for He does not love ungrateful wrongdoers.

Those who believe and do deeds of righteousness, establishes prayer and give zakat, will have their reward with their Lord. On them will be no fear, nor shall they grieve.

O you who believe, be conscious of God and give up what remains of your demand for usury, if you are indeed believers.

If you do not, then prepare for war from God and His messenger. But if you turn back, you will have your capital gains. So do not deal unjustly, because you will not be dealt with unjustly.

Compassion

If the debtor is in difficulty, grant him time until it is easy for him to repay. But if you forgive it as a charity, that is best for you if you only knew.

It's reported Prophet Muhammad (PBUH) said in his last sermon regarding usury that:

أَلَا إِنَّ كُلَّ رَبٍّ مِنْ رَبِّ الْجَاهِلِيَّةِ مَوْضُوعٌ، لَكُمْ رُءُوسُ أَمْوَالِكُمْ، لَا تَظْلِمُونَ وَلَا تُظْلَمُونَ، وَأَوَّلُ رَبٍّ مَوْضُوعٌ رَبُّ الْعَبَّاسِ بْنِ عَبْدِ الْمُطَّلِبِ، فَإِنَّهُ مَوْضُوعٌ كُلُّهُ

And the usury of the pre-Islamic period is abolished, and the first of our usury I abolish is that of 'Abbas b. 'Abd al-Muttalib, for it is all abolished.

Sahih Muslim Book 15, Hadith 159

We must never forget that Allah has issued **no sterner warning** in the Qur'an than the one directed at those who persist in reba. He says: "O you who believe, be conscious of Allah and give up what remains of your demand for usury, if you are indeed believers. If you do not, then prepare for war from Allah and His Messenger. But if you turn back, you will have your capital gains. So do not deal unjustly, and you will not be dealt with unjustly" (Qur'an 2:278–279). These verses make me tremble. To knowingly enter into war with Allah is unthinkable, and this must weigh heavily in our discernment and fear.

Yet, immediately after this severe threat, Allah reveals His compassion: "If the debtor is in difficulty, grant him time until it is easy for him to repay. But if you forgive it as charity, that is best for you, if only you knew" (Qur'an 2:280). The juxtaposition is striking; on one hand, the gravest warning against usury; on the other, a call to mercy, patience, and generosity toward those in hardship. This duality reminds us that our financial ethics must be rooted not only in fear of divine punishment but also in embodying divine compassion, ensuring that justice and mercy guide every transaction. This message is also present in the revelations of old.

Biblical Teachings on Usury

The Bible clearly condemns usury, particularly when it is imposed on fellow believers. These prohibitions reflect Quranic concern for justice, compassion, and economic integrity:

Exodus 22:25-

If thou lend money to any of My people, even to the poor with thee, thou shalt not be to him as a creditor; neither shall ye lay upon him interest.

Leviticus 25:36-

Take thou no interest of him or increase; but fear thy God; that thy brother may live with thee.

Leviticus 25:37-

Thou shalt not give him thy money upon interest, nor give him thy victuals for increase.

Deuteronomy 23:19-

Thou shalt not lend upon interest to thy brother: interest of money, interest of victuals, interest of anything that is lent upon interest.

According to the Bible, Jesus, Peace be upon him (عليه السلام) spoke the following words.

Luke 6:34–35

And if you lend to those from whom you hope to receive back, what credit is that to you? For even sinners lend to sinners to receive as much back.

But love your enemies, do good, and lend, hoping for nothing in return; and your reward will be great, and you will be sons of the Most High. For He is kind to the unthankful and evil.

Luke 16:13–15

“No one can serve two masters. Either you will hate the one and love the other, or you will be devoted to the one and despise the other. You cannot serve both God and money.” The Pharisees, who loved money, heard all this and were sneering at Jesus. He said to them, “You are the ones who justify yourselves in the eyes of others, but God knows your hearts. What people value highly is detestable in God’s sight.

For centuries, Christian theologians, especially in the early Church and medieval period, interpreted these teachings as a prohibition on usury. Lending at interest was considered sinful, particularly when it burdened the poor or exploited the vulnerable. This stance aligns closely with Quranic prohibitions on usury, which likewise condemn unjust enrichment and call for financial systems rooted in equity, compassion, and real economic value.

These verses reflect a shared moral tradition: **help your neighbor, don’t exploit them.**

However, the world has strayed from these divine commands.

The New Face of Reba: How Central Banking Became the Great Tyranny of Our Time

Usury, Fiat Currency, and the Modern Debt Trap

Usury, once a simple concept of charging interest, has evolved into a powerful tool of economic control. In today's world, it is used not only to burden individuals but to enslave entire nations through debt. The psychological toll of debt is immense, often becoming a major source of stress, anxiety, and social instability.

During the time of the Prophet Muhammad ﷺ, currency was tangible and backed by real value, including gold, silver, commodities, and barter. Wealth was tied to labor, production, and the exchange of goods. Today, however, we operate under a system of fiat currency, paper money that holds value only because governments declare it so. It is not backed by physical assets but by confidence, military power, and market control, as it has no inherent value.

Central banks, through digital systems and printing presses, can create **unlimited** currency. This detachment from real value has led to a distortion of wealth creation. Where money was once earned only through effort, it can now be manufactured with a keystroke or **derived from a printing press**.

The Fragility of Fiat

Fiat currency has a poor track record regarding its performance. Ron Paul, an American physician, former Texas congressman, and libertarian-leaning politician best known for his criticism of the Federal Reserve, U.S. foreign interventions, and expansive government power, states in his book, *End the Fed*.

Some people think the experience of the Weimar Republic in Germany in the interwar years, when paper money was made so worthless by the central bank that the bills were literally used as fuel to heat homes, is entirely impossible in the United States.

Paul, Ron (2009-08-27). End the Fed (p. 9). Grand Central Publishing. Kindle Edition.

While some dismiss this as an impossibility in the U.S., the underlying mechanisms remain the same. Since the creation of the **Federal Reserve in 1913**, the purchasing power of the dollar has **plummeted**. **What \$1** could buy in 1913 now costs **nearly \$31**. In other words, **the dollar has lost over 96%** of its value. **This isn't accidental; it reflects a system designed to extract wealth through inflation and interest.**

Today, Monetary policy and Usury are One and The Same

Modern monetary policy is deeply intertwined with usury. Central banks manipulate the economy primarily through the nominal interest rate, the stated rate on loans and deposits, and through **engineered inflation**, which steadily erodes purchasing power. Unlike the hard-money systems of the past, where prices remained relatively stable over centuries, today's fiat system is designed to produce continual inflation, **encouraging borrowing, discouraging saving, and enriching financial institutions at the expense of the public**. These tools are not neutral; they are mechanisms of control that sustain perpetual debt cycles. From the perspective of scripture, however, both the man-made nominal interest rate and the inflationary system that underpins it are forms of reba, predetermined, unjust gains, and are therefore divinely forbidden.

This critique is not only rooted in revelation but also supported by the Austrian school of economics. The Austrian tradition provides a secular, economic critique of interest-based, inflationary systems, reinforcing what scripture already condemns. It offers Muslims intellectual allies and analytical tools in the pursuit of reforming modern finance toward justice, transparency, and stability.

Qur'anic Prohibitions vs. Austrian Economic Critiques	
Qur'anic Teaching on Reba	Austrian Economist Critique
<i>"If you do not [give up usury], then be informed of war from Allah and His Messenger. But if you repent, you may have your principal, thus you do no wrong, nor are you wronged."</i> (Qur'an 2:279)	Ludwig von Mises (<i>Human Action</i> , 1949): Inflationary credit expansion <i>"merely favors one or several groups of the population at the expense of other groups... it always results in malinvestment of capital and leaves the nation as a whole poorer, not richer."</i>
<i>"O you who believe, do not consume usury, doubled and multiplied, but fear Allah that you may be successful."</i> (Qur'an 3:130)	Murray Rothbard (<i>The Case Against the Fed</i> , 1994): <i>"Price inflation is caused only by an increase in the money supply... banks, including the Federal Reserve, are the only source of inflation."</i> He described central banking as legalized counterfeiting that enriches a few while impoverishing the many.
<i>"Do not consume one another's wealth unjustly, but only [in lawful] business by mutual consent."</i> (Qur'an 4:29)	Friedrich Hayek (<i>Denationalisation of Money</i> , 1976): Warned that monopoly control of money by central banks leads to manipulation, loss of trust, and unjust redistribution of wealth.

The banking system operates like a cartel, siphoning value from every dollar through the twin engines of inflation and interest. This systemic erosion of wealth is not a flaw; it is by design.

Thomas Jefferson, the Founding Father, Third President of the United States, and the principal author of the US Declaration of Independence, reportedly warned:

"The central bank is an institution of the most deadly hostility existing against the Principles and form of our Constitution. I am an Enemy to all banks discounting bills or notes for anything but Coin. If the American People allow private banks to control the issuance of their currency, first by inflation and then by deflation, the banks and corporations that will grow up around them will deprive the People of all their Property until their Children will wake up homeless on the continent their Fathers conquered."

This prophetic warning echoes the reality we face today. **This is now the world we live in.**

Taken together, the Qur'an's uncompromising prohibition of reba, the Austrian school's secular critique of inflation and central banking, and Jefferson's early American warning all **converge on the same truth: debt-based money is a system of exploitation. Across civilizations and centuries, voices of revelation, reason, and statesmanship have recognized that usury corrodes justice, concentrates wealth, and enslaves nations.** To heed these warnings today is not only an act of faith but also an act of wisdom, laying the foundation for a financial order rooted in equity, transparency, and genuine value.

THE ARGUMENT CONTINUES

Continue Reading

The complete position paper examines:

- The Federal Reserve, monetary elasticity, recessions, and institutional concentration
- Keynesian economics and the normalization of inflation and deficit spending
- Islamic banking, necessity, personal debt, and professional realities
- The institutional path toward a genuinely reba-free financial order

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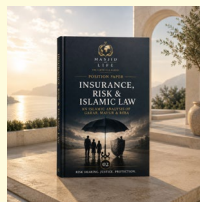
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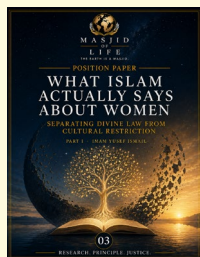
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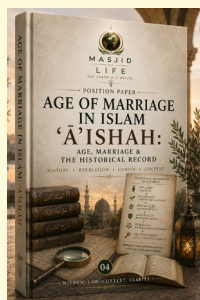
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