

Shariah Advisory Council (SAC) of Bank Negara Malaysia (BNM) Resolution No. 90 Dated 3 July 2008 and 30 July 2008

Islamic Credit Card Based on the Concept of Ujrah

There was a proposal from a number of Islamic financial institutions to offer **credit card** product based on the concept of ujrah (fee). The cardholder is imposed with ujrah as a consideration for the services provided as well as the benefits and privileges offered by the Islamic financial institutions to the cardholders. In this regard, the SAC was referred to on the issue as to whether the proposed credit card structure based on the concept of ujrah is permissible.

RESOLUTION

The SAC of in its 77th meeting dated 3 July 2008 and 78th meeting dated 30 July 2008, has resolved that the proposed credit card structured based on the concept of ujrah is permissible subject to the following conditions:

- i. Islamic financial institutions shall ensure that the ujrah is imposed as a consideration for the provision of actual or non-fictitious services, benefits and privileges that are permissible under Shariah;
- ii. The imposition of different amount of ujrah on various types of credit cards that offer different kind of services, benefits and privileges is permissible;
- iii. The imposition of ujrah on the services, benefits and privileges which are not related to qard, deferment of debt and exchange of cash with cash at a different value is permissible; and
- iv. The imposition of ujrah on the services, benefits and privileges relating to qard, deferment of debt and exchange of cash with cash at a different value is not permissible. However, charges may be imposed to cover the actual management cost (nafaqah/taklufah).

Basis of the ruling

Ujrah refers to a fee that is permissible in Islam based on sources from the verse of Al-Quran and hadith as follows:

Allah SWT says in Surah al-Qasas, verse 26,

"... the best of men for you to hire is the strong, the trustworthy."

A hadith Rasulullah SAW provides:

"Pay the worker wages before his sweat dries off."

Reference:

Shariah Resolutions in Islamic Finance (2nd edition), BNM,

https://www.bnm.gov.my/documents/20124/9198675/shariah_resolutions_2nd_edition_EN.pdf