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CHAPTER 3
PROHIBITED ELEMENTS IN FIQH AL-MUAMALAT: CAUSES THAT INVALIDATE TRANSACTIONS

by Muhammad Yusuf Saleem* & Adnan Trakic**

3.1 Riba and Its Definition

The word *riba* is derived from the root Arabic verb *rabwnn* which literally means: to grow, expand, increase, inflate, excess.1 The technical meaning of the word *riba* is 'a premium' that must be paid by the borrower to the lender along with the principal amount as a condition for the loan or for an extension in its maturity.2 Furthermore, a very comprehensive definition of *riba* and classification of *riba* has been given by Abd al-Rahman al-Jaziri, whereby he stated the following:

*Riba* is one of those unsound (*fasid*) transactions which have been severely prohibited (*nahyan muhshallatan*). It literally means increase ... However in *fiqh* terminology, *riba* means an increase in one of two homogenous equivalents being exchanged without this increase being accompanied by a return. It is classified into two categories. First *riba al-nasibah* where the specified increase is in return for postponement of, or waiting for, the payment; for example buying an *irdab* (a specific measure) of wheat in winter against an *irdab* and a half of wheat to be paid in summer. As the half *irdab* which has been added to the price was not accompanied by an equivalent value in the commodity sold and was merely in return for the waiting, it is called *riba al-nasibah*. The second category is *riba al-jadbi*, which means that the increase mentioned is irrespective of postponement and is

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