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Islamic Banking and Finance Against Conventional



Edited by
Saim Kayadibi



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Chapter 4

The Application of Credit Cards in Islam

Withaya Soheng, M. Fahrurrizki Aulia³⁷ and Saim Kayadibi

Introduction

The importance of credit cards in contemporary society and the need to use them is no doubt becomes a matter of necessity in many circumstances. Islam permits the use of credit card so long it does not involve the element of usury. As an example if the withdrawing cash advance from the credit facility will result payment of an interest, it is prohibited. Similarly if there is an additional interest charge due to delay in payment, it is prohibited also. Therefore, if the credit card serves as a charge card, where you only pay the principle amount that you use plus the service charges, it is permitted.

This paper will try to examine the application of credit cards in Islam. To show their importance, the paper first of all discusses about credit card and Islamic credit card, their advantages. It also analyses the Islamic credit cards issued by bank in Malaysia that their issuance rely on Bay Al Inah, the application of credit card which is widely used in Saudi Arabia and the Islamic credit cards using in Kuwait Finance House. We also include the verses and hadith regarding riba which is prohibited in Islam.

Credit Card

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