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Money exchange

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Fatwa no. 3158;

Q 1: A Muslim money-changer exchanges Saudi riyals for US dollars from a bank outside the Kingdom of Saudi Arabia. By virtue of an agreement with the bank, he exchanges the Saudi riyals for US dollars. He pays the riyals on Wednesday while the bank pays him the dollars on Friday. The sum he pays is registered at the money-changer's expenses in the bank's account at New York. On Wednesday the price of the dollar is less than its normal value. If a cash on delivery process is done at the same day, the price of the dollar becomes equal to its normal value.

Enlighten us may Allah reward you with the best! Is it permissible for that money-changer to deal with the bank in such a way (i.e. paying riyals for the bank on Wednesday and getting the dollars on Friday at a lower price)?

A: If the reality is as you have mentioned, this kind of transaction is prohibited as it involves Riba Al-Nasi'ah (usury of delay, conditional excess for delay of payment).

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