



Fatwa no. 13733:

Q: We work at an institution in the public sector. We are compelled to subscribe in Employees' Saving Fund. Subscription instructions state the following:

- 1- A monthly 10 % of the employee's salary is deducted.**
- 2- The institution offers a similar 10 % as incentive for employees.**
- 3- The institution invests these deductions in projects and different transactions like:**
 - Selling and buying shares of other public institutions like hotels, bars, industrial companies which manufacture lawful commodities....etc. The money may also be invested in buying shares of insurance companies or banks.**
 - Putting deposits in banks at interest rates.**

- Selling or buying banknotes and different currencies.
- Purchasing governmental development bonds and usurious loan bonds.

Hereby the institution makes annual profits or incurs losses which are

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distributed to employees who contribute in this fund, each according to the amount they pay in the fund's capital. This means that the total savings of an employee is susceptible to increase or decrease according to the profits and losses. A report is issued annually about the fund's account statement which includes shares, profits and losses as shown in schedule (1).

Moreover, each employee is provided with an annual statement which shows their audits as follows:

A- The employee's subscription in the fund until a specified date.

B- The institution's subscription in the fund until a specified date.

C- Profits made and losses incurred as shown in schedule (2).

The profits gained from industrial companies have been separated from the profits gained from the obvious usurious transactions. I would like to add that we do not know about the transactions conducted by these industrial companies and to what extent their transactions are lawful or not. In principle, most industrial shareholding companies deal with usurious banks whether via deposits or loans or other means. In the light of what is mentioned above, we submit the following question to Your Eminence so that we may clear ourselves of any blame: What is the ruling of Shari`ah on these funds?

A: If the reality is as you have mentioned in the question, subscription

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in this fund is prohibited as it involves interest-bearing dealings which are prohibited.

May Allah grant us success! May peace and blessings be upon our Prophet Muhammad, his family and Companions!

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