

Redefining Riba: Influencing Shariah Investing

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ABSTRACT

Islamic finance has adopted the view that Riba may be defined as financial interest or usury only. However, historical Islamic texts advise that Riba has not been completely defined, and the texts contribute to the process of defining Riba. This article uses evidence from Islamic literature to redefine Riba and to chart a new path for investing. The Islamic texts were searched, and the applicable texts were codified to redefine Riba as any income earned contrary to Islamic belief. This, in turn, enabled us to design a tool, which we call Islamic Utility, to screen investment assets. While this study focuses on investments, the definition will serve for all types of Riba. We use South African data to discuss our case, but the thinking can be generalised worldwide.

Keywords: Shariah; investments; Islamic science; Riba; Islamic Utility; screening

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