A Critical Shariah and Maqasid Appraisal of Islamic Credit Cards

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Abstract - Islamic banks and financial institutions have recently started issuing Islamic credit cards as substitutes for conventional credit cards after the Shariah scholars, due to the Riba involved, unanimously deemed the traditional credit cards unlawful. However, Islamic credit cards have different structures; some have been structured based on Eina or Tawarruq sales even though these two types of deals were ruled unlawful by the Fiqh academies. However, the most common structure of Islamic credit cards is the Ijarah model, where the card issuer is deemed a lessor of the services embedded in the credit card, apart from the provision of credit, against fixed periodical fees. Although this structure seems acceptable from a Shariah point of view and has been endorsed by the Shariah boards of the issuing Islamic banks, it involves some issues that must be carefully addressed. The paper elaborates on these critical issues and analyses the different contractual relationships involved in these cards to outline the prospectus of a genuine Shariah-compliant credit card.

Keywords - Credit Card, Islamic Credit Card, Islamic finance, Islamic banking, Islamic product development

I. Introduction

Islamic finance is a system that identifies and promotes economic and financial tools and products consistent with Sharia's principles. Although Islamic financial institutions share similarities with conventional financial intermediaries as both are profit-maximising institutions and offer traditional banking services. Still, they differ in some of the principles under which they operate. Islamic principles require that earnings come from permissible means and be spent on good categories of expenditure allowed in Sharia. Generally, Islam prohibits investing in businesses that are considered unethical or are contrary to the Islamic ethical teachings and values, like dealing with Riba (usury/interest), Gharar (speculation/uncertainty), Maysir (gambling), and investing in unpermitted activities and businesses in Islam, like alcohol, tobacco, pork-related products, and pornography etc. [1]. Moreover, its investments should be asset-backed or identified as an underlying tangible asset, and a proper application of the profit and loss-sharing concept should be maintained [2].

Islamic economics mainly regards wealth as a means for achieving justice, equality, fairness, and economic equilibrium in society. Islam does not discourage maximising wealth if it does not create a situation of social distortion or violate the norms of Islamic justice. El-Bassiouny [3] summarises that Islamic finance's comprehensive goal is avoiding harm to all humanity and promoting its properties. Speaking of the objectives of Islam, around which the general rules of Islam are based, Dusuki, and Abdullah [4] refer that the key objectives include safeguarding the religion, the intellect, the human self, the progeny, and wealth. In Islamic financial institutions, adherence to Shariah principles is monitored by either an internal or external Shariah Supervisory Board (SSB). This Board is a panel of Shariah scholars who assess the products and practices of the institution and conclude about the institution's compliance with the Shariah requirements [5].

Islamic Finance is the fastest-growing sector of finance in the world. Although it started in Muslim countries, it has also spread to non-Muslim countries and serves Muslims and non-Muslims alike. Muslims count for around 24% of the global population, and Islam is the world's second-largest religion, with the fastest growth rate, according to a Pew Research Center's 2011 Report [6]. These factors have also assisted in the remarkable growth of the industry worldwide. Moreover, Biancone and Radwan's [7] study points out that countries worldwide are looking to introduce Islamic finance as an alternative financial system after the recent financial crisis. This is because, despite the latest financial crisis that caused difficulties for many conventional banks worldwide, Yilmaz [8] claims that Islamic banks were broadly safe from the situation, courtesy of their prudent financial behaviours. The Islamic finance industry has experienced exponential growth in recent years, and the assets held under Islamic finance management have already crossed Reuters' [9] expectation of $1 trillion. Conventional financial institutions have extended their operations to provide Islamic financial products catering to Islamic investors. Biancone and Radwan [10] highlight that entrepreneurs financed by banks have been gradually increasing in most countries where Islamic banks operate, for example, the United Kingdom and Switzerland, where there is a more excellent

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supply of entrepreneurs who have started demanding Islamic financial products.
The paper is divided into seven sections. After the introduction and literature review, the article discusses the basis and features of credit cards, their advantages, and their disadvantages in section III. The following section is the appraisal of Islamic credit cards considering the objectives of Sharia, which is the main subject of this research. It covers the basics of the legitimacy of different types of Islamic credit cards and mentions the scholars' stances therein. Sections V and VI discuss two major concerns in using credit cards and their permissibility. The paper concludes by summarising the results and suggestions in section VII.

II. LITERATURE REVIEW

Despite the expansion and growth of Islamic finance in the previous decades, its full potential has yet to be realised in various arenas. It must expand its services to innovative financial tools in tandem with Islamic principles to realise its true potential. One such financial tool is the introduction of credit card products, like the already existing tool in conventional financial institutions. Al-Enazi [11] claims that Islamic financial institutions have adopted credit card practices by altering specific components that contradict the Shari'a requirements, for example, by eradicating the interest-based elements included within conventional credit cards. Most of the literature on an Islamic credit card is focused on its basis from Islamic texts, and a few research, like Choo et al. [12], study the consumer's choice of credit cards and their acceptability. Other studies, like Johan & Putit [13], relate to the issues of people's knowledge and religiosity influencing their decisions on whether to opt for credit cards or abstain from them. On the other hand, Mansor and Azman [14] studied factors, like demographics, to observe whether they can be a good indicator for an Islamic credit card.
Given the substantial increase in electronic payments, to the detriment of cash payments, Islamic credit cards have already penetrated the banking sector and are abundantly found in the market. But there needs to be more research considering the connection between current Islamic finance practices and their validity, given the complexities of modern-day financial developments. But to ensure that the Islamic credit card and its services can help strengthen the competitive position of Islamic banking vis-à-vis the conventional banking system, the banks must deepen their understanding regarding the legitimacy and basis of such a product, too averse any Shariah risk emanating from such a product [15].
The motivation for this paper comes from the necessity to appraise the current practice of Islamic credit cards from a Maqasid perspective and to assess its legitimacy since its issuance and its underlying contracts while addressing the Shari'a perspectives of credit card structures. This paper is exploratory and conceptual, providing insights for researchers, decision-makers, and practitioners on how Islamic credit cards can prove better compliance with Sharia.

III. CREDIT CARDS, ITS ADVANTAGES AND DISADVANTAGES

Islamic banks are required to expand marketable products and services based on Islamic instruction standards. One of these services, which is the focus of the study, is the Islamic credit card. Financial institutions, typically banks, provide a credit card that enables the cardholder to borrow funds as loans from that institution under the agreement to repay the loaned amount by the bill's due date or incur an additional agreed amount. A credit card is a means of payment which involves buying first and paying later, as defined by Yee, Eam and Sanusi (2007) [16]. It is based on the principle of a loan without interest (i.e., riba) if the loan is repaid on or before the specified date, i.e., the grace period, and with interest if repayment is delayed beyond that time. Charging interest only in case of delay beyond the agreed repayment period is one variety of Riba al-Jahiliyya, which is impermissible. According to OIC Fiqh Academy [17], resolution no. 108 (2/12), issuing and dealing with conventional credit cards is unlawful due to this reason. Nevertheless, despite this Shariah primary concern, credit cards generally have unique features and benefits for their holders and issuers.
A credit card is one of the most convenient and secure payment tools accepted worldwide. It has replaced the need to carry cash, which is especially handy for international travellers where local currency is needed or where it is difficult to take large amounts of money in one or different currencies. The cardholders also benefit from increased purchasing power, in addition to being rewarded in the form of points, cash-back offers or gifts, prizes and discounts for using the credit cards. The user may qualify for additional credit facilities if he can build a good credit history. A credit card holder can shop through the internet, where no cash payment is accepted, allowing him more significant opportunities and possibly better prices, such as buying travel tickets, booking hotels, and participating in international auctions. Cardholders use it for e-payments and electronic purchases to guarantee payment, which has sparked explosive sales growth for expenditures on transactions which require a system of insuring payment (Fineberg) [18]. It can also be used to make automatic recurring payments from the card, such as phone, water and electricity bills.
Merchants also have a share of benefits from credit card systems like guaranteed payment, fraud protection, cash balance safety, and increased sales and revenue due to the boost in cardholders' purchasing power. Credit cards increase business activities and profits because it provides people access to finance. Radishe [19] points out that this explains why businesses consent to waive a specific percentage of the value of their sale items (the interchange fee) for the benefit of the credit card issuer. To this effect, the card issuers may grant new cardholders' attractive rebates to lure them into subscribing to the card, especially on their first purchases or for a limited time. Since the credit risk of cardholders is shifted from the merchant to the card issuer, i.e., the bank, the merchants are guaranteed to receive the payments. It can also

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help traders reduce the difficulty of handling cash in their businesses and the costs of transporting it to banks.

Similarly, the credit card issuers benefit from different types of penalties and fees like card issuing fees, annual card fees, card renewal fees, cash withdrawal fees, late payment penalties etc., in addition to the price they charge to the merchants for using the technological infrastructure that they use to accept payment through credit cards. It provides a profit for the issuers through a percentage on all purchases that are charged (the interchange fee) to the merchants accepting the card, in addition to the amount charged to the cardholder if he delays the credit payment beyond the grace period as well as the amount charged for using the card to withdraw cash. This interchange fee is permissible according to OIC Fiqh Academy resolution no. 108 (2/12) and according to the Shariah Standard no. 2/5 issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) [20]. Issuers may also charge issuance or periodical fees to the cardholder regardless of whether the cardholder uses the card. OIC Fiqh Academy's resolution no. 108 (2/12) deems these permissible as they are against the embedded services in the card, apart from the credit involved.

However, credit cards have drawbacks for cardholders, issuers and accepting parties. The conventional credit cardholder is supposed to pay the considerable compound interest (riba) if he does not repay the credit amount before the end of the grace period. The interest rate is estimated at around 2% per month. The grace period is cancelled if an unpaid amount remains from the last period. The interest calculation begins on the first day the monthly bill is issued. This could lead the cardholder to be gripped in the clutches of debt so that he may keep paying his debts for several years. The issuing parties justify the high interest by the high probability of default and failure to repay the debt. This means that some cardholders pay on behalf of others to render this business as profitable to the issuers. Apart from this financial disadvantage, credit card encourages its holder to buy unnecessary things, encouraging thus extravagance and the purchase of luxuries, which contradicts moderate spending and good management of money. Abozaid [21] highlights that it contradicts the Shariah stand on debt, as Shariah does not encourage incurring debts. However, it encourages providing good loans to those who are impecunious and in need. The concept of credit cards encourages consumerism and debt-taking, which leads to mounting indebtedness and financial instability in society. The traders also lose some profits from the credit card because the banks issuing the credit cards discount a certain amount (2.5% on average) from the value of the sale items through the card (the interchange fee). This could cause businesses to increase their prices to compensate for this deduction, and such an increase is ultimately borne by the buyers.

Thus, credit cards contain benefits and harms for their users, and it is left to the financial skills and knowledge of the user and the way he/she chooses to use it. However, they have become part of the demands of modern life. With an increase in Internet usage and the trend of e-commerce, and other technological advancements, the credit card has become an indispensable tool for effecting payment. There is hardly a single person living in a country with a developed financial system who does not carry a credit card, especially in this digital era. According to the World Payments Report 2020 (Capgemini) [22], global non-cash transactions surged nearly 14% from 2018-2019 to reach 708.5 billion transactions, the highest growth rate recorded in the past decade. The report predicts a compound annual growth rate (CAGR) of 12% for global non-cash transactions for 2019-2023. Does this pose a question: do these benefits justify using credit cards if the holder seeks to repay the loaned amount within the grace period? On the other hand, is the mere subscription to a credit card a problem from a Shariah perspective due to the possibility of paying interest if there is an unplanned or unintentional delay, or due to the implicit agreement of paying riba in the case of delayed repayment?

To answer these questions, the paper will present the supposed alternative to credit cards that Islamic banks provide. If this alternative were sound from the Shariah perspective, it would free us from the need to use conventional credit cards, and it would assist us in judging their use as impermissible.

IV. CREDIT CARDS ISSUED BY ISLAMIC BANKS

Since conventional credit cards are based on debt financing, and any increment to the debt violates Islamic law, Islamic banks started issuing credit cards as an alternative to conventional credit cards after the latter was ruled impermissible, given the *riba* involved. The relationship between the conventional credit card issuer and the cardholder is based on *riba* if there is a delay in repayment beyond the grace period.

The OIC Fiqh Academy, in its resolution no. 63 (1/7) defines the credit card as "a document given by its issuer to a mutual or a juridical person based on a contract between them enabling it to buy goods or services from a vendor who approves the document, without paying the price immediately as the document includes the issuer's commitment to pay."

Financial institutions have devised different structures of credit cards, to correct the *riba*-based relationship between the issuer and the cardholder. Among these structures, the paper will discuss the most popular ones; credit cards based on *'īna* or *tawarruq*, and service *ijārah*.

A. Firstly, credit cards based on Bay al-'īna or tawarruq

Tawarruq refers to buying a commodity from one party on credit and selling it to a different party for cash to obtain cash. 'Īna is a sale that is mostly resorted to to circumvent the prohibition of riba by selling a commodity to the person seeking financing at a deferred price then instantly buying it back at a lesser spot price. Thus, tawarruq shares the same objective of bay al-'īna as both are meant for extending cash money. However, tawarruq remains technically distinguished from bay al-'īna as in the latter, the commodity is resold to its original seller, while in tawarruq it is sold to a third party.

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Given that credit cards are used for financing - the bank provides financing for the cardholders and gains its profits from that financing - and given that riba is regarded impermissible, some Islamic banks structure their cards in the following formulas as they do not regard practising tawarruq and bay al-‘īna as problematic.

The Islamic bank initiates a tawarruq or ‘īna sale with the customer. Then it creates a special account, i.e., the customer's credit card account, and places the financing amount in it. The customer is then given a credit card with a credit limit equal to the amount of financing stored in that account. Thus, the cardholder is using the card to pay from the money he got from the ‘īna or tawarruq procedure and has not borrowed anything from the card issuer, i.e., the bank. Once the monthly bill is issued, the cardholder should top up that account, within a specified period (like the grace period in a conventional card), with the same amount spent on the bill, to renew the balance of his credit card.

If the customer is late in repayments, the bank gains profit (not riba) from the difference between the prices in the preceding ‘īna or tawarruq sale. For example, if the bank sells a commodity based on ‘īna to a customer for 15000 on a deferred basis, and then buys it from him for 12000 on the spot, then the 12000 is set as the credit limit and is placed in the card’s account and not given to the client. If the customer delays topping up the account beyond the grace period, the bank charges the client for this delay with a set amount through the difference between the two prices, i.e., 3000. If the client frequently delays repayment until the amount charged to the customer has reached 3000, the bank requests him to sign another ‘īna or tawarruq contract.

This means that the ‘īna or tawarruq contract does not come into effect if the client repays during the grace period or returns the card without falling behind on his repayments. In the latter case, the bank performs a clearing between the two prices in the īna or tawarruq; the price that it is due to the client (12000) and the price that is due to the bank (15000). The difference between them, i.e., the profit from ‘īna or tawarruq, due to the bank, is waived. In the previous example, the bank exonerates the customer of the difference of 3000. Exoneration also occurs if the client’s delay does not reach 3000, as the bank exonerates him or her of the remaining amount.

Shariah appraisal of ‘īna/tawarruq-based credit cards

Both ‘īna and tawarruq contracts are meant to justify profiting from cash financing, and as such, they are impermissible. Tawarruq was ruled unlawful by the OIC Fiqh Academy resolution no. 19/5 since it involves a contrivance to riba. ‘Īna is, moreover, impermissible according to all jurists, including Shafi’is, who only validate its contract based on it being a contract that has fulfilled the contractual conditions of a sale contract. However, as noted by Al-Kasani [23], Ibn Qudamah [24] and Al-Dasuqi [25], the Shafi’is regard it impermissible when it is intended to justify profiteering from a loan contract. Hence, structuring credit cards based on them is impermissible. Nevertheless, some irregular fatwas appeared recently to validate these two sales, designed to circumvent the riba prohibition and yield the same result as a conventional loan. Some Fiqh scholars, such as the Shafi’is, rule ‘īna as a valid sale given its valid sale structure but ruling it as valid does not imply that it is permissible, since a valid contract is not necessarily permissible, as mentioned by Abozaid [26].

B. Secondly, credit cards based on service ijārah

As mentioned earlier, credit card has several advantages for their holders, merchants, and issuers too. The issuers may charge issuance fees or periodical fees to the cardholder regardless of whether the cardholder is using the card. These charges are deemed permissible by OIC Fiqh Academy resolution 108 (2/12) as they are against the embedded services in the card or some privileges that may come with it, such as club memberships, complimentary insurance, and discounts on some items, to name a few. In principle, placing fixed fees on credit cards for such services is a permitted condition for the permissibility of the services offered.

This is because it is permissible in Shariah to charge a fee for a lawful service, just like it is permissible to demand a price for selling a lawful commodity. *Ijārah* is a sale of a usufruct or service, so it is a sale contract. The real usufructs that the card issuer provides to the cardholder justify for him to charge a fee, whether the fee is paid in one go, on a monthly or yearly basis, or a mix of them. Further, different types of services justify varying fees. A privilege card (like platinum or gold) may be charged higher for its valued services. The cardholder pays a fixed fee to the issuer in return for services offered. This fee remains the same regardless of the usage of the card, as in the case of conventional credit cards.

However, Islamic banks that issue these cards waive the fee if the cardholder repays the full value during the grace period. Otherwise, the bank obliges the cardholder to pay the full monthly fee, even if only a single penny is left to be repaid. Islamic banks grant this waiver regardless of whether the cardholder uses the services included in the card because the banks want their cards to remain equally competitive in the market since conventional credit cards waive the additional amount if the cardholder repays the billed amount within the grace period. Hence, one will find that Islamic banks offer similar privileges to their customers as conventional banks. Nevertheless, there is no Shariah issue with this waiver, as it is given as a gift (*hiba*).

C. Sharia’h appraisal of ijārah-based credit cards

As stated earlier, a credit card provides some services that may justifiably warrant a fee. According to OIC Fiqh Academy resolution no. 108 (2/12), charging fees by the card issuer against the services embedded in the card, except for the credit, is permissible. However, according to OIC Fiqh Academy resolution no. 139 (5/15), these cards must not include any prohibited service. Credit cards contains a loan, in the form of the credit card limit that the issuing bank provides to the cardholder. This credit cannot be regarded except as a loan, and profiting from a loan is impermissible, as it is *riba*. Hence, there are two components in a credit card: the services and the loan. A profit can be earned from the service, not the loan. Combining a loan and any other contract like a sale or a lease

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entails caution from a Shariah perspective because the fee or the price might be increased in return for giving the loan, as in the *hadīth* that suggests that "combining *salaf* and sale is not permitted". The Hadith, as reported by Abu Dawud (hadith no. 3504); Al-Tirmithi (hadith no. 1234); Al-Nasai' (hadith no. 4611), Ahmad (hadith no. 6683), reads:

"The Messenger of Allah, peace be upon him, said: "*Salaf* with the sale is impermissible, or two conditions in a sale, or gaining from the sale of something without or before bearing its liability, or selling what you do not have".

Al-Nafrawi [27] acknowledge that although this *hadīth* refers to combining a sale with *salaf*, i.e., a loan, but like sale in this regard is any commutative contract, such as *ijarah*, as the jurists say. The reason for the prohibition is that the price of the sale item could increase or decrease to cater for the loan. For example, the lender may tell the borrower: I will lend you 200 dollars on the condition that you buy this (specified) item from me for 50 dollars, though its market value is less than 50 dollars; or on the condition that you sell me this (specified) item for 50 dollars, though its market price is higher than 50 dollars.

Nevertheless, the outward text of this prohibition means that all exchanges combined with a loan are prohibited, including *ijarah*, an exchange contract. The effective cause of the prohibition is clear, that is, using an exchange contract as a stratagem (*tahayul*) or a legal artifice to circumvent the sacred law, to enable profiting from a loan. Accordingly, it could be acceptable to say that it is possible to excuse this combination [of sale and loan] if it is not used as a legal trick. However, two conditions must be met while applying this combination of sale and loan to the credit card's structure, in addition to not using it as *tahayul*:

(i) that the fee charged for credit card services should not be higher than the normal market fee (if it can be approximated) for these services, and

(ii) The fee should not change if the credit limit changes. The fee may change if the credit card with a higher credit limit provides extra services of additional market value that make the difference in the fee compared to that of the lower credit card limit.

Thus, it is prohibited that cards differ in their fees due to a difference in their credit limit. However, if the cards with different credit limits come with different services, and the extra fee reflects the extra service's market value, then the fee difference can be justified. This implies that the cards that differ only in credit limit while their services are the same may not vary in fees. For example, if the gold-branded credit card has a monthly fee of 200 dirhams and its credit limit is 25,000 dirhams, while the platinum-branded credit card has a monthly fee of 400 dirhams with a credit limit of 50,000 dirhams, and there is no difference in the services offered by the two cards, then the difference of fee cannot be justified. Or if there is a difference but limited to a restricted number of complimentary valet car parking per month, for example, and the monthly market total value of this service is only 50 dirhams, then this makes the remaining amount between the fees (150 dirhams) in return for the extra credit, i.e., the loan impermissible.

V. Earning from Cash Withdrawals

It is impermissible for the credit card issuer to profit from cash withdrawals from ATMs using these cards. This is because the withdrawal amount is a loan, and profiteering from a loan is *riba*. However, it is permissible for the card issuer to cover its actual withdrawal costs, since the issuing bank incurs some costs for the withdrawal, especially when the withdrawal occurs in another country and with a different currency. On top of that, it is permissible for the card issuer to receive a fee for the withdrawal service, provided it is no more than the fee normally charged on debit cards. This is to ensure that the credit provided with the credit card remains free of charge. However, when a withdrawal with a credit card occurs in another country, it is permissible for the issuer to take a reasonable commission equal to the usual fee for exchanging and transferring money. This is because the bank issuing the card provides the service of both exchanging and transferring money in this case.

In this regard, OIC Fiqh Academy, in its resolution no. 108 (2/12) ruled that: "cash withdrawal by the cardholder is a loan from the issuer, and it raises no Shariah objection if there is no *ribawi* increment. Not included are flat fees in return for this service and not related to the amount of the loan or its period, but any increment above actual service is impermissible and is *riba*". In this regard, it is worth noting that AAOIFI Shariah standard no. 2 (4/5) also allows the issuer to charge a flat fee against the service of cash withdrawal, but it does not restrict the permissibility of being against the actual service.

VI. Using a Conventional Credit Card when no Real Islamic Alternative is Available

The problem with conventional credit cards is that *riba* is conditioned and paid if the cardholder delays repayment. Payment of *riba* is a grave issue that is only permitted in cases of dire necessity. However, if the cardholder takes necessary precautions to avoid payment of *riba* by keeping his expenditures within his budget and opting for automatic deductions of the credit used from his bank account, then the only matter that remains contested is his implicit agreement to payment of *riba*. The cardholder receives the card after undertaking to pay *riba* if he delays the repayment, and as such, he is entering into a fundamentally impermissible contract.

However, the following considerations might help ease this particular concern:

1) There needs to be a genuinely legitimate Islamic alternative that overcomes the *riba* problem in credit cards.
2) The undertaking to pay *riba* is an enforced condition (*shart ith'āni*) that cannot be changed or dropped by the subscriber, and it is of no consequence if the cardholder always pays during the grace period.
3) Many people in our time need credit cards to buy goods and services that may not be possible through other means or for the same price. This is

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in addition to the inconveniences associated with carrying cash especially given the risk involved, particularly for travellers.

Nevertheless, if a card that performs the roles of a credit card comes to exist, and it is free from the credit, i.e., a loan, it must be used instead. According to OIC Fiqh Academy resolution no. 139 (5/15), using a (debit) card that does not involve credit is lawful even if issued by a conventional financial institution. To explain further, if a debit card performs the main functions of a credit card, it should be used instead, since there will be no justification then to use a credit card and bear the cautions that come with it. Those cautions relate to the possibility of paying *riba* eventually and encouraging people to buy non-necessities using others' money while incurring unnecessary debts. All these contradict the higher economic objectives of the Islamic Shariah and function against its principles in moderation in spending and debt incurring.

VII. Conclusion

In conclusion, structuring a credit card that is compliant with Islamic law and in a way that is profitable to the issuing party is possible in principle. The way is to charge a fee for the services associated with this card but considering that this fee must not be against the loan granted with the card. Therefore, two conditions must apply: the fee should be equal to the market value of these services, and it should not increase with the credit limit of the card unless coupled with additional services whose market value equals this difference in the fee. Islamic financial instruments require both strengthened accounting standards and more expertise and qualified people, and many efforts are needed to raise awareness of such instruments.

The paper also records the following results:

- Credit cards issued based on ʿīna or tawarruq are invalid due to the invalidity of their underlying contracts. Issuing a credit card based on service ijarah, however, is possible but with conditions.
- Islamic financial institutions issuing credit cards may charge a commission to the merchants accepting the card, as a percentage of the price of the goods and services.
- It is permissible for the card issuer to receive a fee for the cash withdrawal service provided it is no more than the fee normally charged on withdrawals using debit cards. If, however, an additional service is provided, such as withdrawal from outside the country, then a higher fee is permissible provided that the profit for the additional service does not exceed the normal market remuneration for the money transfer service.
- If a debit card performs the same roles of a credit card, then it should be used instead of the credit card, especially since the latter involves cautions that contradict the higher objectives of the Islamic Shariah and functions against its principle of moderation in spending and debt incurring.
- On a final note, issuers of Islamic credit cards should do all possible to block the card from being used to buy unlawful commodities or services.

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