Fatwa 6: A Sale Contract along with Currency Trading

Last Updated : 12 Jan 2011

Question:
Are the following transactions permissible in Islamic law?
A customer approaches Kuwait Finance House to conclude a muraabahah contract. In this arrangement, Kuwait Finance House will buy the relevant goods from the seller (foreign party). After possession has transferred to Kuwait Finance House, Kuwait Finance House will then sell those goods to the customer.
At the same time, the customer wants Kuwait Finance House to buy the required foreign currency from him when Kuwait Finance House buys the goods from the original seller. This will be when the price of the foreign currency which the customer possesses is appropriate for Kuwait Finance House when compared to the market price at the time.

Answer:
The transactions can be done, provided the contract of selling the goods is separate from the contract of buying the currency from the customer.

Source:
Fatwas of the Shari‘ah Advisory Council of Kuwait Finance House, volume 2, fatwa no. 84.

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