

FUNDS TRANSFER, BILL PAYMENT AND WITHDRAWAL VIA POS IN ISLAMIC COMMERCIAL LAW

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Abstract

Ever since the advent of POS business in Nigeria, controversies as to the permissibility of its operation as trailed the business in Muslim circles. Questions have been asked as to the permissibility of engaging in the business as an agent, as well as its usage as a customer, and many conscious Muslims have expressed reservations towards the business. However, contrary to widespread misconceptions about the Islamic position on POS business, most of its operations and services are permissible under the Shariah. This paper discusses the components and the operation of POS business vis-a-vis the relevant Islamic rules of transaction.

Keywords: *POS, Agent, Customer, Platform Provider, Bai'u as-Sarf, Wakaalah, Suftajah, Loan, Credit, Debtor, Service Charge.*

Introduction

A point of sale (POS) is a place where transactions are made. A POS transaction may occur in person or online, with receipts generated either in print or electronically. It is used in places where goods and services are sold or rendered.

POS business, as is popularly known in Nigeria, In Nigeria, POS began in 2013. This was after the Central Bank of Nigeria issued the guideline on its operations and management of the business. POS business offers services such as funds transfer and withdrawal, sales of airtime, bill payments, and other utility bills. It is also referred to as agent banking business, as it is an extension of the services offered by financial institutions in a bid to enable alternative and easy services to their customers. The business usually thrives more in rural areas, semi-urban

centres, and especially in the unbanked and underbanked communities.

POS Business Operation in Nigeria

To start a POS business, one must possess some amount of money as capital. The capital will be divided into two portions for the business to begin. The first portion of the capital will be deposited in an e-wallet with any of the of CBN licensed mobile money platform of his choice (such as Comercial banks and other financial institutions like Opay, Paycenter, Baxi capricon, moniepont etc). The other portion of the capital will be with the agent who wishes to use one of CBN licensed mobile money platforms for the business. The agent will then purchase a machine which will be provided by the CBN licensed mobile money platform. The machine will be used to perform software money

transactions for customers who wish to withdraw or transfer money from or into bank accounts.

In essence, there are 3 (three) major parties to a POS business transaction: The CBN licenced platform provider, the agent, and the customer. (www.investopedia, www.opeyweb.com, www.primaseller.com).

General Jurisprudential Rules Relating to POS

In a bid to have a proper understanding of this topic, there is need to discuss, however briefly, some salient and general principles or rules that govern exchange of currencies.

First General Rule:

According to the scholars of Islamic jurisprudence, any transaction of currency exchange, whether it involves gold, silver or any monetary unit, is governed by the rules of bai' al-Sarf (Currency Exchange) originally. The scholars said: "if someone makes a cash payment of dinars, and the other reconciles with the payment of dirhams on credit, such reconciliation is not valid. This is because possession of the currency on the spot (hand-to-hand) by both parties is a condition to the validity of the transaction of exchange of currencies." Maosuahl Fiqhiyyah Minihajul Muslim 2:269.

What then are the conditions for the validity of Sarf transaction? The exchange of currency must follow, in addition to the rule of Equality, the rule of hand-to-hand operation, i.e. handing over of the currency instantly between the two parties. This is the

case when the currencies to be exchanged are homogenous. As for when the currencies for exchange are different, only the hand-to-hand rule applies. The violation of any of these rules makes such transaction one of *riba al-nasi'ah* (ربا النسيئة), which is prohibited in Islam. The prophet says: Do not sell gold for gold unless equivalent in weight. And do not sell fewer amounts for greater amounts or vice versa. And do not sell silver for silver unless equivalent in weight. And do not sell fewer amounts for greater amount or vice versa. And do not sell gold or silver that is not present (at the moment of exchange) for gold or silver that is present. (Al Bukhari, Hadith number 2177, Muslim, Hadith number 1584).), And the statement of Umar, may Allah be pleased with him, 'No, by Allah! Do not separate from him until you take (the price) from him.'" The Messenger of Allah said: ((The sale of gold for silver is Riba, unless it is from hand to hand (i.e. payment is made on the spot) (Al Bukhari, Hadith number 2177, Muslim, Hadith number 1584).)" (Bidayatul Mujtahid 3:177, Majmahul Anahar 2;11, Al Mugnee 6:264, Minhaajul Muslim 2;224)

'Umar said this to Talhah bin Ubaydullah when Malik bin 'Aws sought to make an exchange with him. So he (Malik) took the dinars (الدينار) and said to him, "Wait until my treasurer comes back from the forest." He meant that at that time he will pay him the dirhams (الدرهم) for the dinars he took. (Al- Bukhari, Hadith number 2174, Muslim, Hadith 1586).

Second General Rule:

When there is a delay or postponement with intention of the facilitation in any transaction of exchange of currency, such transaction is deemed as Qard (القرض) (loan).

Qard refers to a gratuitous contract in which a lender gives a certain homogeneous (mithli) (المثلي) property to a borrower on the condition that the latter is responsible to return a similar property to the lender immediately upon demand. In another word, it means paying an amount of wealth to someone who wants to benefit from it, then he returns it to him later. For example, a needy person asks someone, whose donation is legally acceptable: "Give me such and such amount or commodity or animal as a loan or credit for a fixed period and I will return it to you." Therefore, he gives it to him. (Sharhu muntahal Iraadaat 2:99, Majallatul Aakaams Shariyyah 268, Minhaajul Muslim 2:279)

Lending a loan is a recommended act for those who are able to give loans. This is due to Allah's statement:

(Who is he that will lend Allah a goodly loan: then (Allah) will increase it manifold to his credit (in repaying), and he will have (besides) a good reward (i.e. paradise).) (57:11)

The Messenger of Allah said:

((Whoever relieves his brother of a difficulty from the difficulties of this world, Allah will relieve him of a difficulty from the difficulties of the Day of Resurrection.)) (Muslim)

As for the one who receives a loan, it is permissible and allowed and there is no harm in it. This is because the Messenger of Allah himself borrowed a virgin camel and he returned a better camel.

The Messenger of Allah said:

((Verily from the best of people are those who are the best of them in repaying loans.)) (Al-Bukhari Hadith number 1600)

Islam has prohibited usury (riba) (الربا) and allowed loan.

Conditions for the validity of Qard:

1. To know the amount of the loan by measurement, weight and quality
2. To know the description of the loan, and the age if it is an animal.
3. The loan should be from someone whose loan is valid. Therefore, the loan is invalid from one who does not own what is loaned, as well as from those who are immature and insane. (Sharhu muntahal Iraadaat 2:99, Majallatul Aakaams Shariyyah 268, Minhaajul Muslim 2:279)

There are certain laws for lending a loan:

1. What is loaned is thereafter owned by possession. Whenever the receiver of the loan takes possession of it, he owns it and thus the loan will be under his obligation.
2. Lending a loan is permissible for a fixed term. However, it is better to lend a loan without a fixed term, due to what it contains of the gentleness and kindness towards the borrower.

3. If the loaned article remains in the same condition that it was in on the day that the loan was received, it is returned to the lender. If it changes by a decrease or increase in it, a similar thing should be returned to him, if a similar thing should be returned to him, if a similar thing is available. Otherwise, he should repay its value.
4. If the loaned article bears no expense in carrying it, the receiver can return it to the lender wherever the latter wishes. Otherwise (if there is expense involved), the receiver of the loan has no obligation to repay it at other than its place (where he borrowed it).
5. Any profit that the loan brings to the lender is forbidden, whether it is an increase in the loan, an improvement to it or any other benefit, which is outside of the concept of loaning, particularly, when the lender and the receiver of the loan have made an agreement in this regard. However, if there is some benefit given to the lender simply due to an act of kindness from the borrower, there is no harm in that. This is because the Messenger of Allah صلى الله عليه و سلم gave a choice camel in return for a small virgin camel that he had received as a loan. (Sharhu muntahal Iraadaat 2:101, Majallatul Aakaams Shariyyah 269, Minhaajul Muslim 2:279).

Third General Rule:

Any transaction that involves the exchange of currency is termed as Suftajah (السفتجة) if there is an

agreement between the two parties that the money will be refunded in another place other than first spot. In brief, Suftajah, is defined as refunding of debt in another place other than the first place of the transaction.

Ruling on Suftajah:

According to majority of jurists (Hambali's, Maliki's, Shafi's and some Hanafi's) Suftajah is deemed as Qard (loan). And because of the principle that loan which brings some benefits to the creditor (which can be "intrinsic" as is the case with Suftajah where the benefit is in form of avoiding the risk of traveling with cash). Thus, the question is whether or not such a loan is permissible in Shariah. In the opinion of majority it (Suftajah) is not permissible, due to the basic and well-settled Shariah principle that says "every loan that derives benefit (be it extrinsic or intrinsic) is forbidden in Shariah.

On the contrary, according to one of the statements of Imam Malik, Suftajah may be permissible in that it has become a customary practice; however, it is disliked or discouraged (makhrooh مكروه). Also, there is a statement of Imam Ahmad bin Hambal that suggests that Suftajah may be permissible in that it is beneficial to the people. Similarly, Imam Attah said: " Ibn Zubair used to take a loan from people who were traveling from Makkah to Iraq where his brother (Mus'ab bn Umair) was domicile and would write a note to his brother instructing him to refund the creditors on his behalf. Ibn Abbas was asked about the matter, and he replied that it is permissible. Likewise, Imam Ibn Serin said: Suftajah will be

permissible if it is used according to the customary practice. (Ilaamul Muwaqqieen 1:482, Tabyeenul Aqaaq 4:175, Al Manfaatu fil Qard 137, Aashiyatud dasuuqi 4:365, tuhfatul Muhtaaj 5:46)

Fourth General Rule:

Any transaction which involves the exchange of currency is termed as Wakaalah (الوكالة) of Conveyance when there is a third party who will convey the money on behalf of one of the two parties to another place. (Asharhul Kabeer 5:52, Tuufatul Muhtaaj 5:294).

Fifth General Rule:

Any transaction which involves the exchange of currency is termed as Wakaalah of Receipt when there is a third party who will receive the money on behalf and in the presence of one of two contracting parties. It is worthy of note however that if the third party gives the money from his own pocket, then it is not a Wakaalah of Receipt.

Wakaalah, literally, is a noun of the verb wa-ka-la, (وكل) and it has several meanings such as: agency, representation, proxy, mandate, authorization, delegation, and empowerment. Technically however, Wakaalah refers to the authorisation of another person to undertake a task on one's behalf. It is a contract in which a party (muwakkil الموكّل) authorises another party as his agent (wakil الوكيل) to perform a particular task, in matters that may be delegated, either voluntarily or with imposition of a fee. (Asharhul Kabeer 5:52, Tuufatul Muhtaaj 5:294).

In the situation where wakaalah is with imposition of a fee it will be termed as Ijaarah (إجارة) or Juaalah (جعالة).

Al-Ijarah is a contract requiring a service for a fixed period of time, in exchange for a fixed amount.

Ijaarah is permissible. This is due to Allah's statement: (If you had wished, surely you could have taken wages for it) (18:77). And his statement: (Verily, the best of men for you to hire is the strong, the trustworthy.) (28:26). And He also said: (that you serve me (for hire) for eight years.) (28:27).

The Messenger of Allah said: ((Allah the Mighty and Majestic says, "I will contend on the Day of Resurrection against three (types of) people: a man who (promises) to give in My Name and then does not, a man who sells a free man as a slave and devours his price, and a man who hires a worker and having taken full work from him, does not pay him wages.")) (Al-Bukhari Hadith number 2227)

The Messenger of Allah hired an expert traveler-guide from the Day! Tribe in order to guide him along with Abu Bakr to Al-Madinah during their emigration. (Al Bukhari, Hadith number 3905).

Juaalah (جعالة) is a contract in which one of the parties offers specified compensation to anyone who achieves a determined result in a known period or unknown period.

The primary differences between a *Jua'alah* and an *Ijarah* are below:

The specified payment in *Jua'alah* cannot be paid until the task is completed, whereas interim payments are accepted in an *Ijarah* arrangement. In a *Jua'alah* contract, payments in advance or interim payments are not legal.

1. *Jua'alah* has some *gharar* in it, which is approved by the *Shari'ah*, whereas an *Ijarah* contract has no *gharar*.
2. The *Jua'alah* contract is a permissible contract, which means it can be invalidated by either of the parties at any time, whereas an *Ijarah* contract is an obligatory contract which cannot be invalidated after being signed.
3. An *Ijarah* contract has a specified time-frame attached to it, whereas a *Jua'alah* contract has no time-frame (though a minority opinion among the Malikies argues that a time-frame is necessary).
4. The *Jua'alah* cannot be increased or decreased once the task has started.

The *wakalah* contract shall be binding in any of the following situations according to some scholars:

- a. The *wakalah* contract involves the rights of another party.
- b. The *wakalah* contract is a paid agency;
- c. The *wakil* has commenced the task authorized to him where discontinuance of the work would cause damage to the contracting parties; or the contracting parties have agreed not to terminate the *wakalah* contract within a specified time. (Asharhul Kabeer 5:52, Tuufatul Muhtaaj 5:294).

Sixth General Principle:

Any transaction that involves the transfer of debt from the original debtor to a third party legal personality is termed as Hawalah (حوالة). The word hawalah literarily means “to transfer” a thing from one place to another. Technically, it means the transfer or assignment of debt from the liability of original debtor to the liability of a third party.

Ordinarily, Hawalah is permissible, in so far it does not translate into what is known as Bai'u ad-Dayn (بيع الدين) (i.e sale of debt for cash of a different amount with a delay in payment).

Transferring of debt is permissible. It is the responsibility of the creditor to accept when the debtor refers him to a wealthy man regarding his payment.

The Messenger of Allah said:

((A rich man's intentional delay of a debt settlement is injustice. So if one of you are referred to a wealthy man, he should accept the transferal.)) (Al-Bukhari 2287)

According to Imam Abu Hanifah, Hawalah/حوالة is a transfer of debt terminating the liability of the original debtor, to a third person. After the conclusion of Hawalah/حوالة, the principal debtor is relieved from the liability. He argues that the term Hawalah/حوالة is derived from the word Tahwil/تحويل, which necessitates the transfer of debt to the transferee and exemption of the transferor. The transferor is also exempted because of the acquiescence of the transferee. According to Imam Muhammad, Hawalah/حوالة is the transfer of

demand only while the actual burden of payment rests with the principal debtor. According to Imam Zufar, the transferor is not exempted because of the analogy that subsists between his case and that of bail, for both are contracts of bail. The person who is bailed is not exempted from the debt so neither should be the transferor.

Parties involved in Hawalah/حوالة:

There are three parties in the contract of assignment of debt (hawalah):

1. Debtor / assignor (muhiil / محيل).
He is the original debtor who assigns his responsibility to another person.
2. Creditor / assignee (muhal/ محال)
3. Transferee (New debtor to whom transfer is made) is called muhal `alayh/ محال عليه).

The former a debtor is replaced with another debtor, while the latter involves the replacement of a creditor with another creditor. The contract of hawalah is not a contract of sale (ba'i), as it is used to facilitate payments and debt recovery. The valid hawalah depends on the following conditions:

1. The consent of all parties involved: the transferor (al-muheel), the transferee (al-muhal), and the payer (al-muhal alaihi).
2. The legal capability of all hawalah parties to act freely.
3. The transferor should be a debtor to the transferee. If not, the contract turns into an agency contract for debt collection, rather than a debt transfer.
4. Both the transferred debt and the debt to be used for settlement should be quantifiable and transferable.

5. It is not a condition that the payer be a debtor to the transferor, in which case the hawalah becomes an unrestricted hawalah (in Arabic hawalah ghair muqayyadah).

In case of restricted hawalah, the transferred debt, whether in whole or in part, should be equal to the debt owed to the transferee in terms of kind, type, quality and amount. Nevertheless, the transferor may transfer a smaller amount of a debt owed to the transferee to be settled from a larger amount owed by the transferor on condition that the transferee be entitled only to the equivalent amount of his debt.

There is a big difference between sale of debt and assignment of debt (*hawala*). First is prohibited in some circumstances while second is absolutely allowed.

The reason is that in case of assignment of debt the creditor (*mohtal*) will go back to the debtor (*moheel*) according to some scholars, if the third person cannot pay that amount due to some reason. While in the case of sale of debt, the buyer cannot go back to the seller for demanding that amount because sale has been done. So due to uncertainty (*gharar* غرر) sale of debt is not allowed. (Mugnil Muhtaaj 3:192, Minahul Jeleel 6:191, Nihaayatul Muhtaaj 4:423, Al Insaaf 5:225).

However, in the situation where someone has something that belongs to another and he demands him to return it, then another person permitted to deal on behalf of whom it

is due responds: ‘I have what you seek and I am liable. The contract in this situation is Kafaalah (كفالة) not Hawaalah and it is likewise permissible in Islamic law. Allah said: (And for him who produces it is (the reward of) a camel load; and I will be bound by it.) (12:72).

The Messenger of Allah said: ((The one liable is a debtor (bound to pay).)) (Abu Dawud and At-Tirmidhi who said it is Hassan)

The Relationship between the Platform Provider, the Agent, and the Customer

Having briefly discussed the relevant principles as regards the exchange of currencies, it is only natural to discuss, in the light of the above mentioned rules, the relationship between the major components of a POS business with respect to withdrawal, Bill payment and transfer of funds.

1. The Relationship between the Agent and the Platform Provider

The relationship between the platform provider and the agent is that of creditor and debtor. This is so, due to some essential factors that shall be explained in the next few sentences. To start this business, as mentioned earlier on, the agent must possess a capital, which will be divided into two portions. A portion will be deposited in an e-wallet with any of CBN licensed mobile money platform, whilst the other portion will remain with the agent. According to Islamic jurisprudence, the agent has more or less lent the money to the platform provider. The platform provider is therefore the debtor, in that it

borrowes the money the agent has deposited in his wallet and gives it back anytime the agent wishes to make a transaction. The operation is, in essence, a loan.

The Ruling:

This transaction/relationship is permissible whether or not the platform provider charges an amount on any transaction made. That is because, the platform provider is, in this case, a debtor, and according to Islamic law, the one who is prohibited from getting extra benefit on a loan is the creditor (i.e. the Agent), and not the debtor (i.e. the platform provider).

Why the contract between the Agent and the Platform provider is not wadeeah (وديعة)?

Wadiah corresponds to safekeeping, custody, deposit and trust. In Islamic finance, wadiah refers to the deposit of funds or assets.

The term wadiah relates to the old concept of amanah where one person hands over his or her assets to other person for the purpose of safekeeping.

“Indeed, Allah commands you to render trust to whom they are due and when you judge between people, to judge with justice” (Al Quran, Al Nisa, 4:58)

The Prophet said:

“Render back the trust to the one who entrusted it to you, and do not betray those who betray you.”
Narrated by al-Tirmidhi, 1264.

Conditions for the validity of Wadeeah

1. Both the depositor and the one who keeps the trust should be among those who are responsible and mature (i.e., sane in mind,

legally responsible). Therefore, it is not allowed for the child or the insane to entrust someone with something or to be entrusted.

2. The one who keeps the trust is not a guarantor if the item is damaged without his negligence or excessiveness. The Messenger of Allah said: "There is no guarantee upon the one who is given a trust."

The Messenger of Allah said:

"Whoever is given a trust has no obligation of guarantee upon him."

3. It is possible for the depositor to request the return of the item whenever he wants it, and as well as for the one entrusted to return it whenever he wishes.
4. The one entrusted has no right to obtain any sort of benefit by usage of the item, except with permission and approval of the depositor which will turn it to the loan.
5. If any dispute arises over the return of the trust, the claim if he one who keeps the deposit should be accepted by his swearing. If the depositor produces the proof claiming that the deposit had not been returned to him, then his claim should be accepted. Minhajul muslim 2:281.

Relationship between the Agent and the Platform Provider is not wadeeah. Because, the platform provider collected money from the agent on the guarantee basis to use it and refund it whenever the agent requests that. These are the features of the Qard in Islamic commercial law not the features of the wadeeah.

2.The Relationship between the Agent and the Customer with Respect to Money Transfer

To execute a money transfer via POS, the customer gives the agent the sum he wants transferred to another party. The agent then makes the transfer on behalf of the customer, and then charges the customer for the service. For instance, Mr A wants to transfer the sum of ten thousand naira (10,000) into Mr B's bank account (the recipient) through the POS agent. He gives the agent the sum of 10,000 in cash to make the transfer on his behalf. The agent charges Mr A 100 (one hundred naira) for the service. To effect the transfer into Mr B's account (the recipient), the agent uses part of the capital he had deposited into his wallet with the licensed mobile money platform. The platform will then deduct ten thousand naira along with some charges (say 50 naira) from the agent's wallet. The agent makes up for the deducted (50 naira) charge through the service charge (100 naira) he had collected from Mr A, and thus makes 50 naira profit from the transaction.

From the elaboration above, it is clear that the relationship between the agent and the customer is also that of creditor and debtor; however, in this instance, the agent is the debtor, whilst the customer is the creditor. This is because the debtor (agent) collects the money on the guarantee to refund it in another place other than point of collection (i.e. transfer it into another account).(suftajah سفتجة).

Ruling: This transaction is permissible even if the agent charges a fee on it. This is due to the fact that he

(the agent) is the debtor, and a debtor may benefit from a loan, whilst the creditor cannot.

The Relationship between the Agent and the Customer with Respect to Money Transfer is not sarf. Because, it is not ordinary currency exchange. But involves an agreement between the two parties that the money will be refunded in another place other than the first spot which is called suftajah as earlier on explained, and it is not wakalah of conveyance. Because, there is no a third party who will convey the money on behalf of one of the two parties to another place and it is not Wakalah of receipt. Because, there is no a third party who will receive the money on behalf and in the presence of one of two contracting parties.

It cannot be an ijaarah or Juaalah. Because, they are wakaalah for a fixed amount.

This transaction is not hawalah. Because, hawalah involves the transfer or assignment of debt from the liability of original debtor to the liability of a third party and the customer is not a debtor who needs to transfer the debt in this transaction but creditor.

3.The Relationship between the Agent and the Customer with Respect to Bill payment.

To execute a bill payment via POS, the customer gives the agent the sum he wants pay to another party. The agent then makes the payment on behalf of the customer, and then charges the customer for the service. For instance, Mr A wants to pay the

sum of ten thousand naira (10,000) into PHCN' bank account (the recipient) through the POS agent. He gives the agent the sum of 10,000 in cash to make the payment on his behalf. The agent charges Mr A 100 (one hundred naira) for the service. To effect the payment into PHCN' account (the recipient), the agent uses part of the capital he had deposited into his wallet with the licensed mobile money platform. The platform will then deduct ten thousand naira along with some charges (say 50 naira) from the agent's wallet. The agent makes up for the deducted (50 naira) charge through the service charge (100 naira) he had collected from Mr A, and thus makes 50 naira profit from the transaction.

From the explanation above, it is clear that the relationship between the agent and the customer is also that of creditor and debtor; however, in this instance, the agent is the debtor, whilst the customer is the creditor. This is because the debtor (agent) collects the money on the guarantee to refund it in another place other than point of collection (i.e. transfer it into another account).(suftajah سفتجة).

Ruling: This transaction is permissible even if the agent charges a fee on it. This is due to the fact that he (the agent) is the debtor, and a debtor may benefit from a loan, whilst the creditor cannot.

The Relationship between the Agent and the Customer with Respect to bill payment is not sarf. Because, it is not ordinary currency exchange. But involves an agreement between the two parties that the money will be

refunded in another place other than first spot which is called suftajah as earlier on explained. It is not a wakalah. Because, the agent collected money on garrantee basis. whereas, Wakil according to the best opinion is a trustee that will not be responsible for lost unless there is a negligence or misconduct, and it is not wakalah of conveyance. Because, there is no a third party who will convey the money on behalf of one of the two parties to another place and it is not Wakalah of receipt. Because, there is no a third party who will receive the money on behalf and in the presence of one of two contracting parties.

It cannot be an ijaarah or Juaalah. Because, they are wakaalah for a fixed amount.

This transaction is not hawalah. Because, hawalah involves the transfer or assignment of debt from the liability of original debtor to the liability of a third party and the customer is not a debtor who needs to transfer the debt in this transaction but creditor.

The Relationship between the Agent and the Customer with Respect to Withdrawal

The common practice of POS withdrawal happens by way of when a customer intends to withdraw from his personal bank account using, he gives his ATM card to the agent. The agent will insert the card into the POS machine and enter the intended amount to be withdrawn, say 15,000 (fifteen thousand naira), which will be deducted from the customer's account and moved into the agent's wallet. In actuality, it is 14800 that will go into

the agent's wallet. The remaining 200 naira goes to the platform provider as service charge, and thus a loss of 200 naira for the agent. To make up for this loss, the agent will either add the service charge at the initial withdrawal (i.e 15200) or collect in cash from customer. . The issue with this is, how does the agent benefit from this withdrawal transaction? What he does is, he factors in his profit by adding it to the service charge; for example, the platform provider deducts 200 as service charge, and he, in turn, collects 300 naira as service charge from the customer, thereby making 100 naira as profit.

Ruling: This transaction will only be permissible if or when the agent does not charge any additional money other than the exact service charge deducted by the platform provider; otherwise, it will be impermissible. For clarity, if the platform provider charged 200 naira, the agent will collect not more than 200 naira from the customer. This is because the transaction is a form of money exchange of the same currency which, as established earlier on, must follow the principles of the equality and hand to hand.

The Relationship between the Agent and the Customer with Respect to Withdrawal is not wakalah of conveyance. Because, there is no a third party who will convey the money on behalf of one of the two parties to another place and it is not wakalah of receipt. Because, there is no a third party who will receive the money on behalf and in the presence of one of two contracting parties.

The contract can not be an ijaarah or Juaalah. Because, they are wakaalah for a fixed amount. This transaction is not hawalah. Because, hawalah involves three parties: The original debtor, The creditor and .

Important Notice:

The same rulings apply to the transfer and the bill payment apply to sales of airtime. The relationship between the agent and the customer in this transaction is that debtor and creditor.

Conclusion:

The question of the permissibility of running or using a POS service for transfer and withdrawal of money as it is practiced across cities in Nigeria is that which has generated a considerable amount of controversy in Islamic circles. This is not surprising considering the fact that many consider it a highly profitable venture especially in rural areas or places where banks and ATMSs are scarcely located, and so serve as an easier alternative outlet where they can fulfil their daily financial needs. However, the complexities involved in the operation of a POS service caused Muslims to seek clarification as to whether or not POS transactions as practiced across Nigeria is legitimate according to Islamic laws of transactions. Many Muslims refrained from venturing into both the business and the use of the service whilst they waited for verdicts from trusted scholars.

Having examined the components of POS business and what it entails, this paper establishes that the ruling on POS services is as follows:

1. It is permissible to register as a POS agent.
2. It is permissible for the agent to charge a fee for a fund transfer or payment service.
3. It is permissible for the agent to charge a fee for a bill payment or payment service.
4. It is permissible for the agent to charge a fee for a sale of airtime or payment service.
5. In terms of withdrawal service, it is not permissible for the agent to charge more than what the platform provider has deducted. In other words, it is not permissible for the agent to make any profit from withdrawal services.

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