

Islamic Banking Institutions can accept Utility Bills after due date

The Islamic Banking Institutions (IBIs) can collect / accept utility bills after the due date with “Karahiat” (displeasure), according to Shariah Scholars.

It may be pointed out that in terms of instructions contained in BPRD Circular No. 3 of 2006, read with BPRD Circular No 38 of 1997 and other relevant instructions issued from time to time, all branches of scheduled commercial banks including Islamic banks are required to collect utility bills from their customers. However, it was observed that some Islamic Banking Institutions (IBIs) refuse to accept payment of bills after the due date as the late payment includes a penalty which in their opinion is Riba and thus cannot be collected by them.

The matter was discussed with the Shariah Advisors of all IBIs at the Shariah Advisors’ Forum and the SBP Shariah Board. The Shariah Scholars opined that keeping in view the larger public interest and convenience, the IBIs can collect /accept utility bills after the due date with ‘Karahiat’ (كراہیت) (displeasure), according to IBD Circular Letter No. 1 of July 8, 2011.

IBIs are, therefore, advised to strictly comply with SBP’s prevalent instructions on collection of utility bills within and after the due date at their branches, the Circular Letter added.