

Representation of Term Investment Deposits and Interest-Free Banking Operations

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ABSTRACT

The victory of the Islamic Revolution and the transformation of the Iranian political and social system caused the Islamic Consultative Assembly, following the comprehensive and wise theories of the founder of the revolution and the jurists of the era, to legislate in the economic field. By approving the Interest-Free Banking Operations Law and its approval by the Guardian Council, it defined an economic roadmap for institutions in this field and gave commercial activities an Islamic flavor and color so that we could avoid the profiteering of interest that is the result of the capitalist economic system. As a result, in order to obtain lawful and Islamic profits, the bank enters into contracts with the depositor, such as a power of attorney, and enters his liquidity into the market and the cycle of economic activities, and uses it in the areas of installment transactions, musaqat, lease on condition of ownership, and muzara'ah, and deducts the power of attorney from the profits. In this article, the author intends to examine term investment deposits and their power of attorney in the law of interest-free banking operations, the special method of obtaining Islamic profits by banks from investors' investment deposits, and to show the avoidance of financial corruption and the prohibition of taking usury so that economic activities can be carried out in a healthy way. He has used the library method in collecting the available data.

Keywords: Law on Interest-Free Banking Operations, Liquidity, Term Investment Deposits Power of Attorney Contract

Introduction

When paper money was gradually created for various reasons such as facilitating payments and the lack of convenience of coin money in concluding financial transactions, few people thought of establishing tax institutions called banks. A number of people recognized that ultimately money changers could reduce the volume of coins in circulation by facilitating transactions, and paper money would promote transactions and would protect them from problems such as the difficulty of moving coins. However, the volume of individual trade gradually increased, and the need to establish a bank was felt more than ever. Because performing tasks such as carrying out power of attorney for buying and selling, arranging and distributing credits, collecting documentary claims, accepting deposits, and buying and selling foreign exchange could not be done by real persons alone, and it was necessary to organize economic operations and establish a bank.

Banks have found that by creating deposits, they play a constructive role in economic activities as an active institution, and in return for receiving financial credits from customers, in addition to repaying the principal, they also transfer the interest on the deposit amounts to their accounts. They provide facilities in proportion to the credit that customers deposit with them, but the type of deposit is also effective in paying bank facilities. Types of bank deposits include Qard-ul-Hasana and investment deposits, and the types of Qard-ul-Hasana deposits are current Qard-ul-Hasana deposits and savings, respectively. Also, investment deposits are available in a fixed term, in two types: short-term and long-term. The highest and lowest interest rates on bank deposits also differ depending on the type of deposit. Bank deposits are one of the most important bank resources, and without considering this source, the activities of

the bank cannot be explained. All bank capital is very small compared to bank deposits, and all banks offer bank deposits.

Given that granting bank loans is generally one of the ways to earn income for banks and is financed through bank deposits, deposit resources are of great importance for them. In fact, bank deposits are considered one of the tools for banks to make a profit.

Bank deposits are actually funds that are deposited by natural and legal persons to banks, according to specific laws, and this deposit of funds is carried out through the opening of bank deposit accounts, according to Article 3, Chapter 2 of the Banking Operations Law. These deposits play a prominent role when granting various bank facility plans and are also very profitable in the economic activities of the banking sector.

There are various types of bank deposits, and natural and legal persons can open an account according to the rules and regulations of their desired bank. Then, by depositing money into that account, they can receive interest on it with the bank or use its other benefits. It should be noted that deposits are divided into two general categories: Qard-ul-Hasanah and investment bank deposits, the explanation of which is reserved and requires a higher level of understanding.

Qard-ul-Hasanah bank deposits:

In this category of bank deposits, account openers, in order to enjoy the benefits of various banking services and increase the speed of money transfers, deposit their cash funds with their desired bank. It should be noted that in this type of account, customers will not benefit from financial benefits.

Investment bank deposits:

In this category of bank deposits, banks, in exchange for receiving cash capital from their customers, undertake to return the customer's original capital to him and also pay them an interest based on the amount of the individual's capital.

Statement of the Problem

The author of this article aims to examine term investment deposits and their representation in the Law on Interest-Free Banking Operations, linking the relationship between these two concepts and explaining what is meant by interest-free banking operations that have been mentioned in Iranian economic literature since the victory of the Salami Revolution, and what concept do investment deposits that have been mentioned in Article 3 of the Law on Interest-Free Banking Operations represent, and what is the prominent role of Islamic banking and banks in the Islamic society that represent depositors in the Islamic society, and what operations can banks perform to represent depositors in the Islamic society, and what are they obliged to do?

Research Method

The research method used in this article is library and descriptive, and the author intends to guide the audience in the discussion by collecting inferential materials from reference books and authoritative articles and personal findings from studying the aforementioned sources, and by using descriptive and analytical techniques, to try to explain and analyze the subject of the article and explain the specialized terms used in legal knowledge so that readers can gain a deep and accurate understanding of the article while becoming familiar with legal concepts and terms.

Current Qard al-Hasanah Bank Deposit

Current Qard al-Hasanah Deposit is one of the types of bank deposits whose contract is bilateral and compliance with its provisions is mandatory for customers and banks. In this bank account, deposit, withdrawal and transfer of funds are possible, and these banking processes can be carried out through credit cards, passbooks, accounts and checks. It should be noted that one of the greatest advantages of such bank accounts is the possibility of issuing checkbooks for qualified customers.

Qarz al-Hasanah Savings Bank Deposit

Qarz al-Hasanah Savings Bank Deposit contributes significantly to the economic growth of different segments of society. Because, banks, by receiving people's capital, can grant bank facilities to qualified applicants, according to their conditions and needs. It should be noted that, according to the Fourth Law of the Banking System, banks are obliged to repay their customers' deposits at the time of customer request.

Also, banks can offer many incentive methods to attract Qarz al-Hasanah deposits and consider special privileges for their customers. Therefore, the following is a necessary explanation regarding these methods of attracting bank deposit resources.

For Qarz al-Hasanah deposit customers, prizes are considered in the form of cash or in kind.

For Qarz al-Hasanah depositors, a discount or exemption from paying banking service fees will be considered.

Qard al-Hasana depositors will be given priority in receiving bank facilities.

Review of Bank Investment Deposits

In this section, we will focus on explaining the terminology of bank investment deposits and examine the types of bank deposits mentioned and their conditions.

Term Investment Bank Deposit:

A term investment deposit is one of the types of bank deposits. Given that some people do not have a specific goal for using their capital, they can use investment deposits to preserve their principal capital and also receive interest for a specific period of time.

Elsewhere it is stated: A time deposit (English: (Time deposit) or time deposit, is a type of bank deposit with a specific period of time, which is accrued interest based on the term of the deposit. Time deposits are a type of investment in which a person will receive interest by depositing money to a banking institution over a specific period of time, after which the principal of the money is repaid by the bank or the term deposit will be extended for another specific period. In the United States of America, time deposits often have a higher rate of return than savings accounts. However, the return on time deposits is generally lower than the long-term average of investing in the stock or bond market. In another definition, time investment deposits refer to those deposits that are deposited with the bank for the purpose of profit and the bank, by accepting the power of attorney from the depositors in accordance with the country's monetary and banking legal standards, acts as the depositor's agent in using it in permitted operations. The bank will use the funds for profit in accordance with the executive instructions of each of the aforementioned matters, in compliance with the monetary and credit policy of the Central Bank of the Islamic Republic of Iran.

Opening an account is permitted for Iranian individuals, including illiterate individuals, individuals (jointly), legal entities, disabled persons, and minor children (by their mother and persons other than guardians, executors, and trustees).

It is also important to note that term investment bank deposits are divided into two types, which are short-term and long-term deposits, respectively.

Short-term bank investment deposit

A short-term deposit is such that if individuals intend to perform banking operations on a daily basis and also want to benefit from bank profits, they can open a short-term deposit account in the bank of their choice. In fact, individuals can use this deposit to keep their capital in a safe place and finally, at the end of each month, receive interest on their capital.

Long-term bank investment deposit

A long-term deposit is such that if individuals are looking for an investment with very low risk and also, higher profit, and are also thinking of using their capital for a long time, they can take action to achieve their goal by opening this

deposit. It should be noted that long-term deposits can be used as collateral in some banks and credit financial institutions in Iran, such as the branches of Post Bank of Iran.

General conditions for long-term deposits

The bank, by proxy and guardianship from the depositor with the right to delegate to others, uses the deposit amount in accordance with the Banking Operations Law without interest (interest) and pays the resulting profits after deducting the attorney's fee and guardianship fee or with the right to compromise, according to the relevant regulations and regulations, in proportion to the amount and term.

- The interest rate on long-term investment deposits will be calculated on an annual basis and paid monthly, based on the regulations and approvals of the country's monetary and banking authorities (the Monetary and Credit Council), and the final settlement will be made with the depositor upon cancellation or after maturity.
- If long-term investment deposits are canceled before maturity, the opening date of the aforementioned accounts will be taken into account in calculating the interest. Therefore, the interest rate on the aforementioned deposits will be calculated at the rate corresponding to the duration (and including the opening date) by deducting half a percentage point and deposited into the depositor's account.
- The interest rate on the deposit will be based on the regulations of the country's monetary and banking authorities (the Monetary and Credit Council) each year.
- Types of deposits will be renewed at maturity, alternately for subsequent periods, for the previous period and with the specifications available within the framework of the bank's rules and regulations, unless the beneficiary has given another order in writing.

Obviously, from the date of extension, it will be subject to the conditions of new long-term investment deposits.

Note: Those deposits that the bank is not allowed to extend will not be accrued interest from the date of maturity.

- The bank undertakes to pay the principal of long-term investment deposits.
- The minimum amount of types of long-term investment deposits at the time of opening, as well as the criteria for calculating and paying the share of profits due to them, are subject to the relevant regulations.
- The share of profits of investment deposits that are returned before maturity will be calculated and paid in accordance with the established regulations and as follows:

No interest will be accrued on deposits that are cancelled for less than one month.

Term investment deposits that are withdrawn before maturity will be accrued half a percent less than the interest for the deposit period in the bank for the total number of days of deposit.

The fixed interest rate on bank deposits in the form of Islamic contracts will be determined and settled based on the profitability of banks at the end of the period after auditing their financial operations and approving it by the Central Bank of the Islamic Republic of Iran.

Conditions for opening a long-term investment deposit account (natural persons)

- Having the legal capacity and age of 18 years.
- Provide a photo ID along with a photo ID or passport (for foreigners) and a copy of the first page of the ID and national ID (if the ID has a description, a copy of the description page)
- Complete and sign the application form for opening a long-term investment deposit account
- Introduce or open an account at Tejarat Bank to deposit monthly interest (whether current, Qard-e-Hasana or short-term)
- Pay the minimum amount allowed to open an account

Terms of opening a long-term investment deposit account (legal entities)

- Fully comply with the terms of opening an account for natural persons
- Provide a photocopy or certified copy of the registered articles of association and memorandum of association (in the case of non-stock companies)
 - o The company's articles of association must provide for the right to open a long-term investment deposit account.
- Provide a copy of the first company registration notice as well as a copy of the latest notice of changes published in the country's official newspaper, which includes the following information:
 - o Names and surnames, national code and details of the members of the board of directors and the board of directors of the company (executive directors)
 - o Details of the company's signatories, specifying who has the right to withdraw from the company's accounts and how they sign binding documents and papers.
 - o Term and limits of authority of the board of directors and the board of directors (executive directors)
 - o Matters changed in the articles of association
- Submission of the company's directors' ID cards and national ID cards with photographs and a photocopy of the first page of their ID cards (according to the latest official notice published in the official newspaper)
- Completion and signing of the General Conditions of Deposit Agreement form, stamped with the company's seal and signed by the authorized signatories (based on the provisions of the latest official newspaper)
- Introduction or opening of an account at Tejarat Bank for monthly interest deposit (including current, Qard al-Hasana and short-term)

Terms of opening a long-term investment deposit account (joint)

- Full compliance with the conditions for opening a long-term deposit in the case of natural persons
- Completion and signing of the agreement form by fully entering the details of the ID card, national code, full address of residence with postal code, telephone number and entering the following:
 - o The method of withdrawal and cancellation of the account should be specified (individually or jointly)
 - o Determining in what proportion the balance will be divided between the signatories in the event of the account being blocked by the judicial authorities, death or incapacity of each account owner (If not announced, it will be in equal proportion)
- The partnership share and the right to withdraw for the account introduced for depositing the interest of the opened deposit (identical to and in accordance with the terms of the relevant long-term deposit) shall be jointly determined in the names of the owners of the long-term deposit.
- Joint long-term investment deposits must be divided into parts in proportion to the partnership share of their owners and registered in the system so that if one of the partners applies and receives his share, it is possible to cancel part of the deposit.
- Receiving interest by other persons (children, one of the partners, a charity, etc.) is possible when opening a long-term investment deposit, whether individual or joint, by establishing the "Continuous Payment Order" service.

Conditions and Procedure for Opening an Account by a Father or a Forced Guardian

Each father and paternal grandfather have guardianship over their children, so the paternal grandfather can open investment accounts for his minor children while the father is alive. If at the time of opening the account it is stated that he personally has the right to withdraw from the said account, then the withdrawal from this account until reaching the legal age is exclusively with the paternal grandfather. Otherwise, considering the position of

guardianship that the legislator has assigned to the father and paternal grandfather, the right to open and withdraw is reserved for both.

Conditions for opening a long-term deposit account by a mother

- A mother can open a long-term investment deposit account in the name of her minor child (females who have reached the age of 9 and males who have reached the age of 15). The right to withdraw from this account until the minor reaches the age of 18 is only with the mother.
- Any possession of the property of minors and incapacitated persons by the guardian and temporary trustee is subject to obtaining permission from the prosecutor.

Conditions for opening a long-term investment deposit account for foreign persons

Resident foreign natural persons

- Opening various types of deposit accounts is permitted for those resident foreign natural persons who have a permanent residence permit (residence permit) or an employment permit issued by the Ministry of Cooperation, Labor and Social Welfare.
- Resident foreign natural persons who have one of the refugee booklet documents issued by the police or an identity card issued by the Ministry of Interior or a long-term exit card (Amayesh) issued by the Ministry of Interior can open a Qarz al-Hasana savings deposit account and a long-term investment deposit account.
- Branches can open a long-term investment deposit account for foreign individuals who are less than 18 years old by their father or paternal grandfather.

Non-resident foreign individuals

- Branches can open a long-term investment deposit account for this category of individuals, subject to the applicant's presence at the branch and presentation of a valid passport.
- The minimum age allowed to open an account for this category of individuals is 18 full solar years.
- Transfer of a long-term investment deposit is only possible to the father, mother, spouse and children of a foreign individual, and branches are required to identify the said individuals for transfer with the approval and certificate of the competent authorities (court, Ministry of Foreign Affairs, etc.) at the time of deposit transfer.
- The branch is required to open a deposit account only in that area for those foreign individuals whose residence is limited to a specific geographical area, such as a province.

Resident foreign legal entities

- Opening various types of deposit accounts for resident foreign legal entities is permitted.
- Opening a deposit account for embassies is subject to obtaining the approval of the Ministry of Foreign Affairs.

Non-resident foreign legal entities

- Opening a term investment deposit account is permitted for non-resident foreign legal entities.
- In the case of non-resident foreign legal entities, it is mandatory to provide documents proving the formation, registration, and articles of association of the said person, which have been approved by the Iranian representative office in the country of the legal entity or the closest Iranian representative office to the country of that person, and the presence of authorized signatories in the branch and their identification verification.

Other requirements

- Providing all basic services to special foreign political persons is prohibited.
- Providing basic services to other foreign political persons is permitted, but the matter must be reported to the Anti-Money Laundering Department as soon as possible.

- Opening a current account for special foreign political persons is absolutely prohibited.
- In the event that a foreign political person withdraws from receiving basic services or stops providing these services to him (such as blocking the account, settling the facilities, etc.), it is necessary to notify the Anti-Money Laundering Department.
- Providing any electronic card or providing any electronic service authorization to holders of a special card for foreigners, a term exit card (Amayesh), is prohibited.
- Branches must proceed with opening an account after scanning the documents of the said persons in the Pajhwok system and obtaining a comprehensive real/legal identity code.
- Term investment deposits of foreign persons will be extended on the relevant maturity date unless the opener requests otherwise.
- When opening a deposit account for non-resident foreign persons, it is mandatory to obtain a valid certificate of purchase of foreign currency issued by a bank traceable in the currency portal system or a similar document issued by authorized exchange offices traceable in the Sena system from the applicant.
 - o The certificate/bank receipt/invoice provided must be original and stamped with the seal and signature of the bank/exchange office.
 - o The Sena tracking code must be included in the text of the invoice provided and issued by an authorized exchange office.
- In the case of non-resident foreign individuals and legal entities, opening an account up to an annual turnover of five thousand million rials is not prohibited by receiving identity information and complying with laws and regulations on money laundering.
 - o Annual turnover is the total of the credit amounts of all accounts of the individuals subject to this article in a bank, after deducting the credit balance transferred from the previous year.
- The aforementioned amount changes every 3 years based on the change in the retail price index, as appropriate, by the Central Bank.
- When opening a deposit account for foreign individuals, compliance with the laws and regulations on combating money laundering is mandatory.
- The possibility of transferring deposits of individuals is only allowed to the first-degree relatives of the depositor.

Cancellation of a deposit before maturity

- If the depositor cancels his deposit before maturity, his share of the deposit interest will be calculated and paid in accordance with the regulations and as follows.
- No interest will be accrued for deposits that are canceled less than one month.
- If the deposit is canceled earlier than 3 months. Half a percent less than the normal short-term interest will be accrued.

Cancellation of deposit at maturity

- All term investment deposits are extended by default by the system at maturity.
- In order to provide more efficient services to depositors, it is possible to deposit interest to the account number of another person (children, one of the partners, charity organization, etc.) by establishing the "Continuous Payment Order" service.
- In cases where a term investment deposit is opened jointly, the interest deposit account number must also be jointly and in the name of the partners opening the term investment deposit. Therefore, if, based on the agreements reached

between the partners, the interest should be deposited to the account of one of them, the branches must guide depositors about the possibility of establishing the "Continuous Payment Order" service on the joint account number.

Islamic Banking

After the victory of the Islamic Revolution in Bahman 1357, following the transformation in the political system and economic and banking activities, the Iranian banking system changed direction according to the Islamic method and Islamic banking was born. Islamic banking is an activity that is consistent with Islamic rules (especially to combat usury) and is defined in the framework of Islamic economics.

A bank is a legal institution responsible for carrying out monetary, financial and credit operations. Banking also means providing banking services and operations such as accepting deposits, transferring money, capital and securities of natural and legal persons and using them, issuing commercial bills and orders, granting and distributing credits and loans to natural and legal persons, providing credit for the development of commerce, agriculture and industry, purchasing and exchanging precious metals and currency, issuing securities banknotes and regulating the volume of money in circulation and implementing monetary policy and controlling the volume of credits.

If we want to manage and implement the aforementioned activities and services in accordance with Islamic laws, Islamic banking emerges. A term that expresses a relative concept: the closer banking is to Islam, the more Islamic it is. The Islamic character of banking requires the banker to observe Islamic laws in activities and services such as avoiding usury or distributing credits and using capital in forbidden matters such as producing and selling any forbidden goods.

History of Islamic Banking

During the Golden Age of Islam, capitalism and the free market existed in the caliphate system in its initial form, and between the 8th and 12th centuries, the market economy and the school of mercantilism developed in such a way that some attribute the title "Islamic capitalism". The monetary economy of that era was based on the dinar currency being widely circulated, thus involving regions that were previously economically independent in this matter. The most historical type of Islamic bank is the Qarz al-Hasanah institutions or funds, which are mentioned in the Quran.

The purpose of types of banking

In usury banking, the central bank's purpose in implementing monetary policies is to control the money supply and control the interest rate or price of securities, but in Islamic banking, the expected interest rate or rate of return (fund holders in an Islamic system invest their money directly or indirectly in Sharia-compliant investments and transactions, and the ratio of the interest they expect to the total amount they have invested in a given period is called the rate of return or expected interest rate) replaces the interest rate, which, unlike the interest rate, is not guaranteed.

Considering that after the victory of the Islamic Revolution of Iran, the banking system of Iran became Islamic and non-usury, the goals and objectives for it were defined in the Law on Banking Operations Without Usury. According to the Law on Interest-Free Banking Operations (approved in 1983 by the Islamic Consultative Assembly), the objectives of the banking system in the Islamic Republic of Iran are as follows:

1. Establishing a monetary and credit system based on justice and fairness (with Islamic principles) in order to regulate the correct circulation of money and credit for the health and growth of the country's economy
2. Working towards achieving the goals, policies and economic programs of the Islamic Republic with monetary and credit instruments
3. Creating the necessary facilities for the expansion of public cooperation and charitable loans by attracting and attracting free funds, reserves, savings and deposits, and mobilizing and equipping them in order to provide the conditions and facilities for work and investment in order to implement paragraphs 2 and 9 of Article 43 of the Constitution
4. Maintaining the value of money and creating a balance in the balance of payments and facilitating commercial transactions

5. Facilitating payments and receipts, exchanges and transactions and other services that are entrusted to the bank by law.

The duties of the banking system are also as follows:

1. Issuing banknotes and coins in common use in the country in accordance with the law and regulations
2. Regulating, controlling and directing the circulation of money and credit in accordance with the law and regulations
3. Carrying out all banking operations in foreign currency and rials and committing or guaranteeing the government's foreign currency payments in accordance with the law and regulations
4. Supervising gold and foreign currency transactions and the import and export of Iranian currency and foreign currency and regulating their related regulations in accordance with the law
5. Carrying out operations related to securities and documents in accordance with the law and regulations
6. Implementing monetary and credit policies in accordance with the law and regulations
7. Banking operations related to that part of the approved economic programs that must be carried out through the monetary and credit system.
8. Opening various types of Qard al-Hasanah accounts (current and savings) and term investment deposits and issuing documents related to them in accordance with the law and regulations
9. Granting loans and credit without interest (interest) in accordance with the law and regulations
10. Granting loans and credit and providing other banking services to legal cooperatives in order to fulfill Article 43, Paragraph 2 of the Constitution
11. Conducting gold and silver transactions and maintaining and managing the country's foreign exchange and gold reserves in compliance with the relevant laws and regulations
12. Safekeeping of Rial funds of international monetary and financial institutions or similar institutions or affiliated with these institutions in accordance with the law and regulations
13. Entering into payment agreements in the implementation of monetary, trade and transit contracts between the government and other countries in accordance with the law and regulations
14. Accepting and maintaining gold and silver deposits, valuables, securities and official documents from natural and legal persons and renting safe deposit boxes
15. Issuing, confirming and accepting foreign exchange and Rial guarantees for customers
16. Providing power of attorney and guardianship services in accordance with the law and regulations

Redefinition Banking from the perspective of Islamic jurisprudence

Banking or banking activity that is in accordance with the laws of Islamic jurisprudence and its practical application is in the development of the Islamic economy. Islamic jurisprudence does not consider it desirable to pay for a loan (provided that it is predetermined) (in jurisprudential terminology, it is called usury). Also, from the perspective of Islam, investing in a business that provides profit or service but is incompatible with the laws of Islam is forbidden. Banking according to the laws of Islam can have different situations.

Shiites and Sunnis can set completely different conditions and rules for banks. Fatwas of religious scholars play a large role in the Iranian banking system. For example, credit card rules can be mentioned, which are prohibited in some Islamic communities but are permitted under certain conditions in Iran. Today, it can be said that with the launch of the Stock Exchange in Iran and the cooperation and transactions of banks with this organization, the service and operational differences between Iranian banks and other countries in the world are largely non-existent, except for the red lines that are stated below.

What is meant by interest-free banking operations?

In 1983, the Islamic Consultative Assembly passed a law entitled interest-free banking operations, based on the fact that receiving additional money from a borrower is forbidden and usury, and implemented it in 1984. According to the aforementioned law regarding the prohibition of interest on loans in deposits and interest, it is stated that in bank deposits, it is not under a loan contract, but under other contracts such as a power of attorney. In this way, the depositor places his liquidity at the disposal of the bank under an agency contract, and the bank, as a trusted agent, enters the capital into the economic cycle and uses it in matters such as Mudaraba, lease with ownership, installment transactions, Muzara'ah, Musaqat, etc., and as a result, makes a profit from these businesses. Finally, the bank, as an agent, deducts its fee from the profit and delivers the rest to the customer.

So, in Islamic banking, the depositor considers the bank as his agent to invest and give him the profit of the transaction; therefore, he pays the interest on account on a daily, monthly or annual basis. However, he pays the fixed interest after the full transaction period and accurate calculations have passed; It should also be noted that the bank charges agency and agency fees.

But in the case of obtaining a loan from a bank and paying interest in excess of the principal, in riba-free banking, banks use different contracts such as Jaala, Mudaraba, etc. and take the borrower as a partner and give the money to Mudaraba, etc. As a result, the borrower delivers some of the profit from Mudaraba, etc. to the bank in addition to the principal of the loan. In addition, these contracts are also subject to the specific laws of those contracts. In another type, it is stated that instead of delivering money to the borrower, the bank buys the commodity and sells it to the borrower on credit. In this case, in fact, the bank has not given the person money that he has received in excess, but has sold the commodity to the person. Similarly, other types have been mentioned in the riba-free banking law. So in these cases, like deposits and loans of Qard al-Hasana, there is no haram riba. Of course, the validity of the agreement is if the conditions and contracts detailed above are actually concluded between the bank and the customer, not just formally and signed on sheets that do not provide much information about their contents.

In general, according to this law, banks in the Islamic Republic provide banking facilities through eleven permitted Islamic contracts. These permitted contracts are:

Qarz al-Hasana: A type of loan that does not involve interest. In another definition, it is a contract by which banks (as lenders) lend a certain amount of money to individuals, whether natural or legal, (as borrowers) in accordance with the criteria set out in the relevant guidelines.

Mudarabah: A contract concluded between the agent and the owner of capital (owner), in which the agent trades with the owner's capital and shares a percentage of the profit with him in return. Of course, if any profit is obtained, it is divided with the owner of the property based on the contract.

Civil partnership: In this business agreement, two or more natural or legal persons (such as a bank) combine their cash or kind capital in a common form in order to generate profit.

Legal partnership: In this agreement, the bank provides the capital of new joint-stock companies or buys part of the shares of existing joint-stock companies in order to share in the profits of the companies.

Installment sale: Upon the written request of the customer, the bank purchases machinery or facilities whose useful life is more than one year and sells them to him in installments.

Forward contract: The advance purchase of future products of manufacturing enterprises by the bank is called. This contract is a forward sale or contract from the seller's perspective

Lease with ownership: The bank procures the leased asset and provides it to the customer, and if the customer fulfills the obligations, the customer will become the owner of the asset at the end of the lease term.

Ja'ala: The employer's commitment to pay a certain fee in return for a specific action by the agent.

Muzara'ah: A method of short-term financing in the agricultural sector, whereby one party engages in farming on another's land and divides the produce as is customary.

Musaqat: A contract between the owner of trees or orchards and the agent, who undertakes to take care of and take care of the trees or orchard, including watering them, and ultimately divide the produce obtained between the two in a previously agreed-upon proportion.

Buy-back: A contract under which banks can discount commercial papers and documents belonging to production, service, or commercial units.

Finally, and in conclusion, it should be noted that after the victory of the Islamic Revolution, the Islamic banking system was born in the Iranian economy and was combined with jurisprudence, and usury operations were separated from non-usury operations, and the Iranian economic system, according to the theories of jurists, tended towards non-usury and halal transactions.

In 1983, the Islamic Consultative Assembly, considering the theories of jurists and the founder of the Islamic Revolution of Iran, Imam Khomeini (RA), on the Islamic nature of the economic and banking system, attempted to approve the Law on Banking Operations Without Usury, which was written in 27 articles and became the economic roadmap of economic institutions, including banks. In order to prevent usury arising from deposits and receiving interest, the bank does not conclude a loan contract with the depositor; rather, it uses other contracts such as a power of attorney to safeguard and use the deposits. In this way, the depositor places his capital at the disposal of the bank through an agency contract, and the bank, as a trusted agent, introduces the capital into the economic cycle and operates in areas such as Mudaraba, Jaala, lease with ownership, Musaqaat and installment transactions and profits from trade in the aforementioned areas. As a result, the bank, as an agent, deducts the fee from its own profit and gives the rest to the customer.

In view of the above, the bank is considered the only agent of the depositor and collects the agency fee and pays the principal interest to the customer's account, and the interest on account is paid on the dates specified in the contract on a daily, monthly, and annual basis. However, it pays the fixed interest after the full duration of the transaction and accurate calculations.

Conclusion

With the victory of the Islamic Revolution and the establishment of an Islamic political system and the overthrow of the authoritarian monarchy, Iran's economic and banking system underwent a major transformation. The Islamic Consultative Assembly, following the jurisprudential theory of the founder of the Islamic Revolution, Imam Khomeini (RA) and the jurists of the era, approved the economic system of interest-free banking operations in 1983 to be the roadmap for the country's economic institutions, including banks, and to distance itself from the capitalist economy and adhere to the Islamic economy by conducting non-usury and lawful operations and separating them from usury operations.

As a result, in order to prevent usury in investment deposits and the sanctity of the aforementioned accounts and the financial corruption arising from them in economic activities and obtaining profits in a lawful and Islamic-oriented manner, the bank does not conclude a loan contract with the depositor; rather, by concluding another contract such as a power of attorney, it takes action to hold the deposits and use them in commercial activities.

In this way, the depositor provides the bank with the existing capital and liquidity by contracting an agency, and the bank, under the name of a trusted agent, enters the existing liquidity into the market and the cycle of economic activities in areas such as Jaala, Mudaraba, banking transactions, lease with condition of ownership, Mazarah and Musaqaat, etc. and profits from trade in the aforementioned areas. As a result, the bank, as an agent, deducts the fee from its own profit and gives the rest to the customer.

As a result, the bank is considered the only agent of the depositor and collects the agency fee and pays the principal interest to the customer's account, and the interest on account is paid on the dates specified in the contract on a daily, monthly, and annual basis. However, it pays the fixed interest after the full duration of the transaction and accurate calculations.

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