

Games of Chance (Al-Qimar & Al-Maisir)

The Arabic word gharar means risk, uncertainty, and hazard. Unlike riba, gharar is not precisely defined. Gharar is also considered to be of lesser significance than riba. While the prohibition of riba is absolute, some degree of gharar or uncertainty is acceptable in the Islamic framework. Only conditions of excessive gharar need be avoided.

The concept of gharar has been broadly defined by the Islamic scholars in two ways. First, gharar implies uncertainty. Second, it implies deceit. The Quran has clearly forbidden all business transactions, which cause injustice in any form to any of the parties. It may be in the form of hazard or peril leading to uncertainty in any business, or deceit or fraud or undue advantage. Apart from the above simplistic definition of gharar, some definitions of gharar seem to have a parallel in the concept of uncertainty in conventional finance. Gharar is defined by the Hanafi jurist al-Sarakhsi as any bargain in which the result of it is hidden. Ibn Juzay, the well-known Maliki jurist provides a list of ten cases, which constitute, in his view, cases of forbidden gharar. These cases are described as follows.

- (a) Difficulty in putting the buyer in possession of the subject-matter; such as the sale of stray animal or the young still unborn when the mother is not part of the sale.
- (b) Want of knowledge (jahI) with regard to the price or the subject matter, such as the vendor saying to the potential buyer: "I sell you what is in my sleeve."
- (c) Want of knowledge (jahI) with regard to the characteristics of the price or of the subject-matter, such as the vendor saying to the potential buyer: "I sell you a piece of cloth which is in my home." or the sale of an article without the buyer inspecting or the seller describing it.
- (d) Want of knowledge (jahI) with regard to the quantum of the price or the quantity of the subject-matter, such as an offer to sell "at today's price" or "at the market price."
- (e) Want of knowledge (jahI) with regard to the date of future performance such as an offer to sell when a stated person enters the room or when a stated person dies.
- (f) Two sales in one transaction, such as selling one article at two different prices, one for cash and one for credit, or selling two different articles at one price, one for immediate remittance and one for a deferred one.

- (g) The sale of what is not expected to revive, such as the sale of a sick animal.
- (h) Bai al-hasah, which is a type of sale whose outcome is determined by the throwing of stones.
- (i) Bai munabadha, which is a sale performed by the vendor throwing a cloth at the buyer and achieving the sale transaction without giving the buyer the opportunity of properly examining the object of the sale.
- (j) Bai mulamasa, where the bargain is struck by touching the object of the sale without examining.

The term gharar is also used in the context of pure games of chance. The following Quranic verses form the basis of prohibition of contracting under conditions of uncertainty or games of chance.

- *ye who believe! intoxicants and gambling, sacrificing to stones, and (divination by arrows, are an abomination, - of Satan's handiwork: eschew such (abomination), that ye may prosper. (3: 90)*
- *Satan's plan is (but) to excite enmity and hatred between you, with intoxicants and gambling, and hinder you from the remembrance of Allah, and from prayer: will ye not then abstain? (3: 91)*
- *They ask thee concerning wine and gambling. Say: 'In them is great sin and some profit, for men; but the sin is greater than the profit.' They ask thee how much they are to spend; say: 'what is beyond your needs'.*
- *Thus doth Allah make clear to you His signs: in that ye may consider. (4:219)*

From the above, it is clear that the Quran prohibits contracting under conditions of uncertainty and gambling (qimar). The two words, uncertainty and gambling are not synonymous, though related. Uncertainty is same as gharar and under such conditions, exchange or contracting is reduced to a gamble. It is interesting to note here that a major objection of contemporary scholars against forwards, futures and options contracts is that these are almost always settled in price differences only. Hence, these are used more as tools of gambling than as tools of risk management. The former two are also supposed to involve settlement risk. However, note that settlement risk is significant only in case of forwards. Modern futures and options markets involve little settlement risk.

Interestingly, the classical istisna contract is also a forward contract but is held permissible. The reason seems to be that this contract with the manufacturer of the product by a buyer involves insignificant settlement risk, as the contract is with the manufacturer himself. It cannot be used for gambling too.

