

OVERVIEW OF THE LAWS OF RIBBIS

Avisar Family Ribbis Initiative

The Torah commands us to lend money to a fellow Jew in need. Since all Jews are brothers, we are commanded to extend this loan without charging interest. Charging interest on a loan may violate numerous Biblical and rabbinical prohibitions. All parties involved in the loan/transaction can also be in violation of the above transgression. Hence the borrower also transgresses the law of interest. The witnesses, scribe, and others who facilitate such a loan can be in violation as well.

Biblical ribbis (*ribbis ketzutzah*) is violated primarily through a loan of money or goods, when the interest was fixed at the time of the loan or loan extension. *Ketzitzah* is forbidden regardless if payment was actually made. Furthermore, even if the borrower is fully willing to pay the interest in order to receive the loan, it is still prohibited. Conditional loans are possible exceptions, although they are forbidden rabbinically. (Credit and penalty arrangements can also present Biblical or rabbinic ribbis concerns.)

Rabbinical ribbis (*avak ribbis*) is (even) when a commitment to pay interest did not take place at the time of the loan or loan extension; rather, the borrower offered a gift to the lender of his own volition, or the interest was generated through a purchase (*ribbis bederech mekach u'memkar*).

Pre-loan gifts (*ribbis mukdemes*) or Post-payment gifts (*ribbis meucheres*) are also rabbinically prohibited (see further on for a detailed analysis of these concepts).