



**Medieval Islamic Payment Instruments as Forerunners of
the Western Bill of Exchange**

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**Lunch remarks
MOCOMILA Meeting
SAMA
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based on

Chapter 6

**The Medieval *Hawale*: The Legal Nature of the *Suftaj* and
Other Islamic Payment Instruments**

of

B.Geva

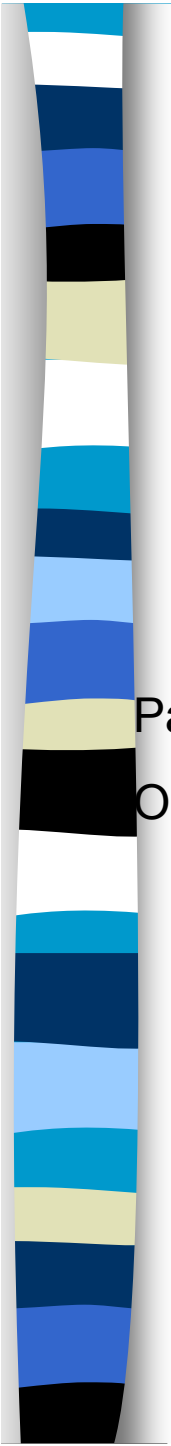
***The Payment Order of Antiquity and the Middle Ages: A
Legal History***

(Oxford and Portland Oregon, Hart Publishing, 2011)

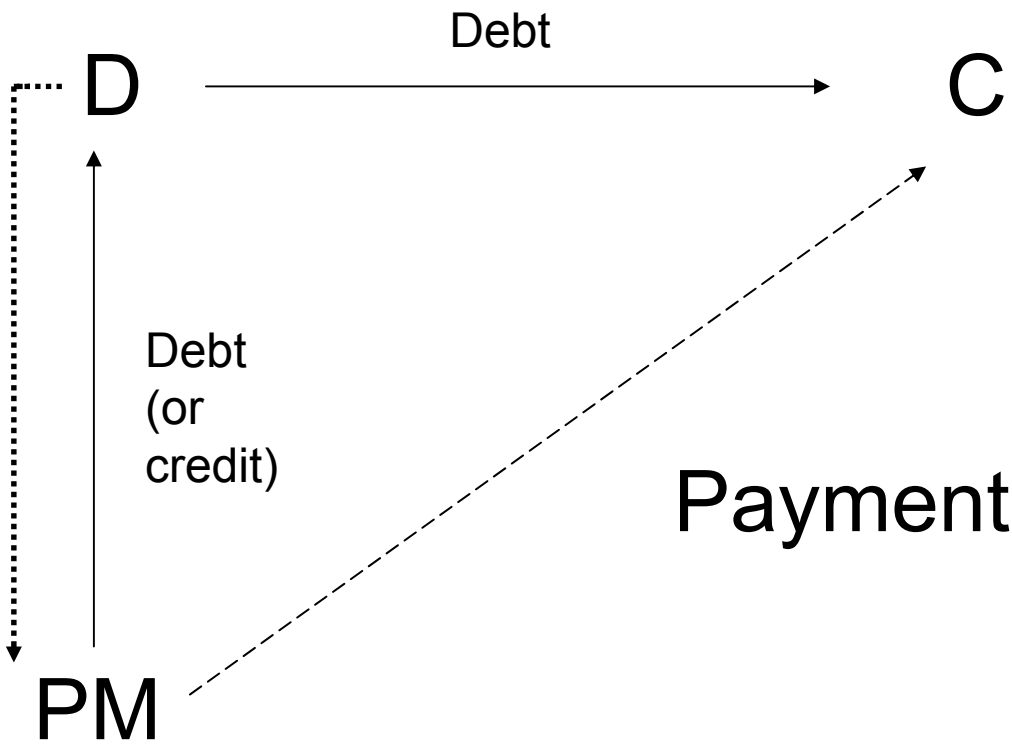
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- A payment mechanism is any machinery facilitating the transmission of money [or monetary value] in the payment of a debt, which enables the debtor to avoid the transportation of money and its physical delivery to the creditor in the discharge of the debt.

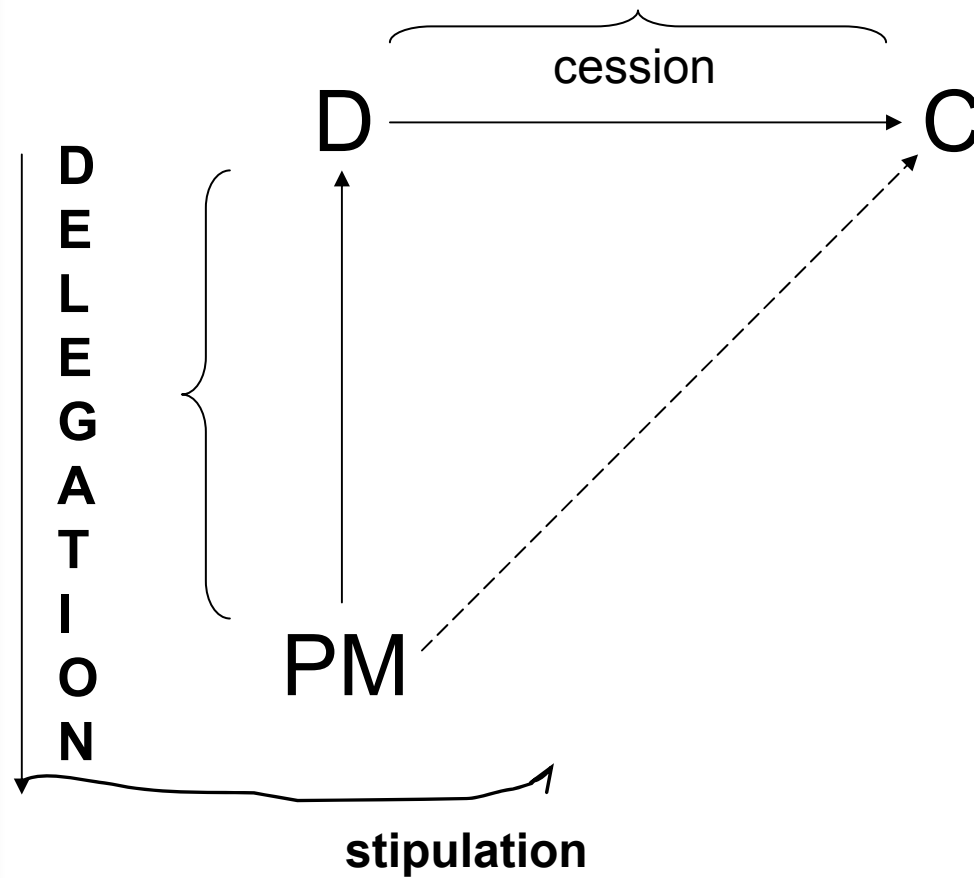
Operation of Payment Mechanism



Payment
Order



Delegation and Cession in Roman Law





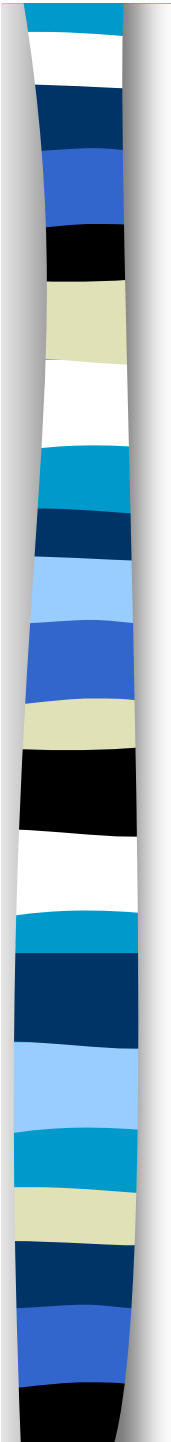
Islamic *Hawale*

The transference of an obligation from one person to another; constituted by an agreement by which a debtor is freed from a debt by another becoming responsible for it.



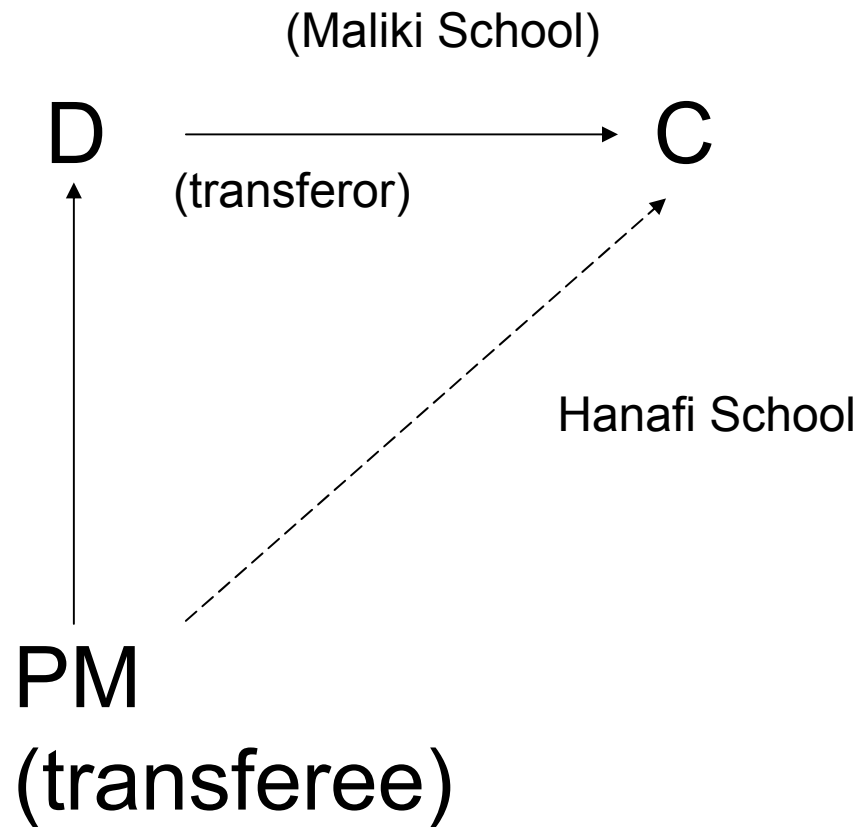
Early Medieval Islamic Payment Instruments

- ***Ruq'a***
- ***Sakk***
- ***Hawale***– as a withdrawal out of an account with a *sarrafa* (private money changer)
- ***Suftaj***

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- “Whenever the a person transfers his debt upon a rich man and the creditor assents to the same, then let the claim be made upon the rich man”

Translation by the *Hedya* or Guide: Commentary on the Mussulman Laws ... composed in the 12th century, at 32.

Parties to a *Hawale*





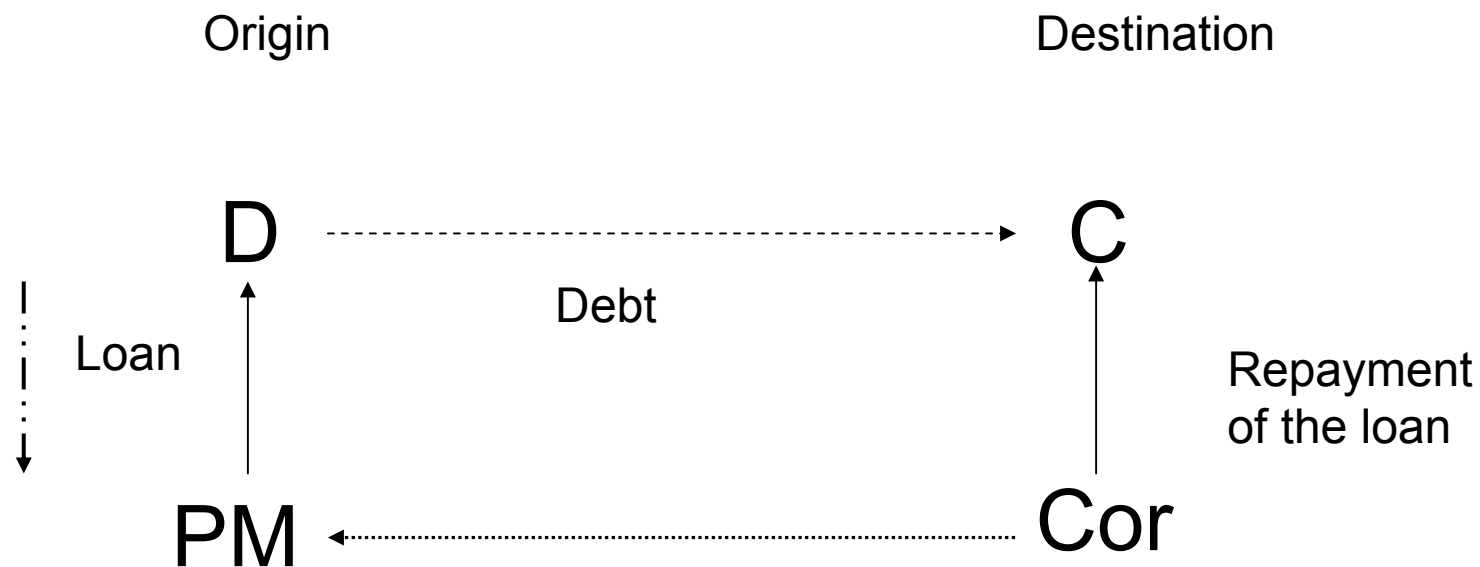
Suftaj

- Loan given (by D) to PM at point of origin payable (by Cor to C) at point of destination. Document may include PM's engagement to pay C as well as authorization to Cor to carry it out.
- D ('borrower') avoids transportation risk.

Islamic *Suftaj*: C v Cor

by means of 2 *hawales*

[in 2nd *hawale* – PM is debtor and Cor is paymaster]



■ Hanafi: PM/C; Cor/C;

By means of *Suftaj* document sent by D to C – *and C's presentment to Cor.*

■ Maliki: D/C; PM/C;

By means of *Suftaj* document sent by D to C — *alone.*