

Customs and Laws from the Parsha: Mishpatim

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When you lend money to My people, ... you shall not impose interest upon him. (Exodus 22:24)

The above verse is one of many sources which prohibit lending money with interest. The word used for interest is neshech (lit. bite) which is one type of ribis – usury. Just as a snake bite begins as a small wound but quickly inflames, so too as the compound interest gradually accrues it becomes a vast debt (Rashi ibid.).

While there is only a Biblical issue of ribis with loans, other dealings such as buying or leasing may contain other rabbinically prohibited transactions.

The Shulchan Aruch (Code of Jewish Law) states that if an item is valued at £10, it is forbidden for the seller to sell it for £12 to compensate for a delay in payment (Yoreh Deah 173:1). This is known as agar natar (payment for waiting) and is economically equivalent to a loan with interest.

If the price of the item is not fixed by the markets, this prohibition may not apply. Nevertheless, there is a caveat that the seller must not specify that the higher price is to compensate the delay in receiving payment. If he did, giving a higher price would be prohibited because of agar natar even if the value of the item is not fixed.

One contemporary question which arises from this is whether it is permitted for a shop to offer a discount for payment by cash. Just as it is forbidden to delay the payment for the sake of a supplement, so too it is forbidden to advance the money for a discount as the buyer is essentially giving credit to the seller (ibid. 7).

If the lower price for cash payment is offered explicitly because the shop keeper will have to wait for payment from the credit card company, it seems that it should be forbidden. In the more likely scenario that the seller's motivation is to cover administration costs to the credit card company, agar natar should not apply.

This fascinating and intricate set of laws demonstrates both the relevance of Torah today and the complexity of applying it to everyday life.

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