

LLOYDS TSB BRINGS ISLAMIC BANKING TO DEWSBURY

Lloyds TSB in Dewsbury is to start offering customers an Islamic current account and home finance product, following the successful launch of a UK pilot, last month. The branch, at 22 Market Place, joins others in London, Birmingham and Luton and is one of an additional five branches that will begin offering the products over the next two months. It will provide a bespoke range of Islamic financial services for Muslims who currently use conventional current accounts and mortgages or opt out of traditional banking services altogether.

Both the current account and home finance product comply fully with Islamic law (Shariah) which forbids both the payment and receipt of interest, known as Riba. The current account will offer no credit interest and will have no overdraft facility, but it will provide a debit card and unlike some other compliant accounts, will not charge a fee or require a minimum balance¹. The funds held by Lloyds TSB on all Islamic current accounts will also be held in accordance with Islamic law.

Similarly, the home finance product will not be based on interest payments. Instead of lending money for a property purchase, the bank will buy the home outright, contributing up to 90 per cent of the purchase price. The customer will pay the remaining percentage upfront and would repay the outstanding sum over an agreed term, together with a rental payment².

Gordon Rankin, current accounts director, Lloyds TSB, said: "The Muslim community is one of the fastest growing in the UK and is very much part of the fabric of British life. However, until now their banking needs have been largely un-catered for and many British Muslims have often had to bank in a way that compromises their principles. Our research shows that over three quarters of British Muslims want banking services that fit with their faith – and those in Dewsbury are no exception.

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Gordon Rankin continues: “We want to give Muslim customers banking services that let them to live their lives in the way they want to, as well as allowing them all the benefits that they will have come to expect from a high street bank. They’ll be able to keep their money in accordance with Islamic law, but still have access to around 2,000 branches across the UK and the ability to bank online, over the phone or using a Cashpoint.”

In order to ensure that these Islamic financial services are fully compliant with Islamic law (Shariah), Lloyds TSB has consulted with a board of renowned Islamic scholars³, who have advised on all aspects of Islamic finance law.

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Notes to editors:

¹ All other charges on the account are the same as with the Lloyds TSB Classic account.

² The Islamic home finance available through Lloyds TSB is alburaq Home Finance. alburaq is a registered trade mark of ABC International Bank plc and is the brand name under which Islamic products are provided.

alburaq Home Finance is based on the principles of Ijara and diminishing partnership (Diminishing Musharakah). In this form of Islamic home finance, the bank and customer jointly buy and own the property. The bank purchases up to 90 per cent of the property, with the customer purchasing the remaining percentage with an initial payment. As the main buyer of the property, the bank is the legal owner of it, but through monthly payments, the customer buys the bank’s share of the property over an agreed period. The customer also pays rent as part of the monthly payment to the bank, because the bank is the legal owner of the property. However, as the customer buys the bank’s share of the property, rent as proportion of the monthly payment decreases.

³During the pilot anyone who wants to apply for a current account will need to visit one of the six pilot branches. These are, Edgware Road, London; Temple Row, Birmingham; Saltley, Birmingham; George St, Luton; and Leagrave, Luton, and now Market Place, Dewsbury. More branches will join the pilot later in the year.

⁴The Shariah Scholars involved in developing the Lloyds TSB Islamic current account and home finance are:

Sheikh Nizam Yaquby

Sheikh Nizam Yaquby is a member of the Shariah Committee for several Islamic financial institutions. He has received an MSc in Finance (Canada) and is based in Bahrain. He has been a Professor of Tafsir, Hadith and Fiqh in Bahrain since 1976 and the author of several articles and publications on Islamic finance in English and Arabic.

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Dr Muhammed Imran Ashraf Usmani

Dr. Muhammed Imran Ashraf Usmani holds a PhD in Islamic Finance. He has also obtained degrees in Islamic Jurisprudence from Karachi. Dr. Usmani is a faculty member of the Jamia Darul Uloom, Karachi and Institute of Business Administration (IBA), Karachi as well as the author of various books on Shariah.

Mufti Abdul Kadir Barkatullah

Mufti Abdul Kadir Barkatullah is the Imam at the North London Finchley Mosque. He acquired a Mufti (diploma) in Islamic law and Fazil (Bachelor of Islamic studies) from the Islamic University, India. He also works as a supervisor at the Islamic helpline for Fatwa and as a presenter at Vectone Urdu.

Muhammad Nurullah Shikder

Mufti Muhammed Nurullah Shikder is a Barrister-at-Law and Imam at the Tunbridge Wells Mosque. He received a LLB degree from London Guildhall University. He advises individuals and businesses on Islamic finance.

For further information on the Islamic Current Account customers can call the Islamic financial services line on **08456 007 786**.

A range of literature is available from branches in English, Arabic and Urdu.

For more information:

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